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**THE IMPACT OF BUILDING CUSTOMER LOYALTY
AS A MEANS OF SUSTAINING CONTINUOUS
ORGANISATION GROWTH IN THE HIGHLY
COMPETITIVE UK RETAIL MARKET**

ESTHER ADENIYI

**A dissertation submitted in partial fulfilment of the requirements of the
University of Chester for the degree of Masters of Business
Administration**

CHESTER BUSINESS SCHOOL

2009

Dedication

In loving memory of my wonderful father Michael Adeniyi who gave me the best of everything in life...you are forever in my heart.

Acknowledgements

My appreciation goes to God Almighty for His faithfulness for helping me through the MBA programme.

I would like to extend my appreciation to my supervisor Paul Webb for the encouragement and the patience that made it possible for this dissertation to be what it is. I would also like to thank all the wonderful MBA lecturers who have taken their time to impact me with immerse knowledge. I am very grateful.

I am grateful to the area manager and store manager of Sports Direct Unit 6, Chester- Jon Watson and Kevin Futchner who allowed me use the store as a case study for the research. My gratitude also goes to all the staff who assisted me in giving out the questionnaires.

I would like to appreciate all my colleagues who stood as my family throughout the programme; and various friends who have contributed in making the experience a memorable one.

Finally, I would like to thank my mum and siblings who have encouraged and stood by me through it all. I consider myself blessed being a part of you all.

Abstract

This research examines the impact of building customer loyalty as a means for sustaining continuous organisation growth in the highly competitive UK market. The research presents the results of a study undertaken in Sports Direct Unit 6 Chester. The study examined the antecedent factors of customer satisfaction and customer relationship management in the bid to understand the concept of loyalty. From the study, it was concluded that customer satisfaction is an important necessity to generate customer loyalty. It was also noted that service quality is an integral part of customer satisfaction that cannot be overlooked. The study also identified the importance of effective complaint handling as it helps shapes overall satisfaction and in turn affect customer loyalty. The second antecedent- CRM was critically looked into. The study found out that the image of the organisation plays a role in forming customers' perceptions about the organisation. The use of database marketing and loyalty schemes were also considered in the research. Overall, the quantitative and qualitative data collected reveals that customer satisfaction and customer relationship management both contribute to customer loyalty. It was also noted that although both antecedents were important, they are not solely responsible for generating loyalty from customers. The study therefore agreed with other previous researches that customer loyalty is not as simple as it sound. It involves coordinating many antecedents to make it worthwhile for both the organisation and the customers. However, it was noted that as complicated as it seem, building a loyal customer base is worthwhile for organisations to survive in the fierce competition emerging everyday in the UK retail market.

Declaration

All work is original and has not been submitted previously for any academic purpose. All secondary sources are acknowledged.

Signed:

Date:

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1.1 Introduction

The evolution of marketing started with the ‘simple trade era’ in the ancient history, where people produced surplus goods and then barter them for other things they wanted (Brassington & Pettitt, 2006). Afterwards, organisations in the bid of searching for how best to compete moved to the ‘marketing era’ where companies replaced production orientation with marketing orientation (Jobber, 2004 p. 5). Rather than trying to get customers to buy what the firm has produced, organisations try to produce what customers need (Kotler, Keller, Brady, Goodman & Hansen, 2009 p. 25). It was then realised that long-run competitiveness was more likely when organisations focus their activities on meeting customer needs, rather than trying to sell everything they could produce (Kotler & Armstrong, 2006 p. 10; Brassington & Pettitt, 2006). Recently, a new marketplace has emerged, bringing with it a host of challenges never before encountered (Daffy, 2001 p. 1). *“All businesses are being affected to some degree by the root-and-branch upheaval that is occurring in the wider marketing environment”* (Baker, 2003 p. 9). Organisations now aim all their effort not only at anticipating and satisfying its customers at a profit (Perreault, McCarthy & Stewart, 2000 p. 9); but doing it more efficiently and effectively than the competition in order to attain set goals (Kotler & Armstrong, 2006 p. 10). With an increased understanding of the importance of customer loyalty, firms are taking a more customer-centric approach to strategy formulation (Jain & Singh, 2002).

1.2 Background to the study

Previously, marketing efforts had been directed majorly at gaining new customers (Sivadas & Baker-Prewitt, 2000; Ahmad & Buttle, 2002). However, with increased competition and low customer switching costs, building customer loyalty is now a critical goal for organisations (Wallace, Giese & Johnson, 2004). Organisations now act in a vigorous and pre-emptive manner to accurately identify and satisfy consumer needs and wants, via providing products and services that satisfy consumers better than that of competitors or risk going under (Bull, 2003; Burnett & Hutton, 2007). Moreover, with a challenging retail sector characterized by increased competition, enhanced opportunity to analyze markets, and greater shopper expectations; it is evident that adequately managing satisfaction is

critical (Gómez, McLaughlin & Wittink, 2004). Also, in the bid to ensuring customers stay loyal, there has been a drastic shift from offering immediate and attractive combination of product, price, technical support e.t.c, in order to generate a sale- transactional marketing (Kotler et al., 2009 p. 182); to building and managing quality relationships with customer-relationship management (Nguyen, Sherif & Newby, 2007). Customer loyalty is therefore considered as one of the means by which sustainable competitive advantage and profitability is achieved (Reinartz & Kumar, 2002; Noble & Phillips, 2004).

1.3 Research Objectives

The purpose of the research is to consider the relative merits of having loyal customers as a weapon for overcoming fiery competition and sustaining continuous organisation growth in the highly competitive UK retail environment. The research aims are:

- i. To understand the concept of customer loyalty.
- ii. To understand customer satisfaction as an antecedent of customer loyalty.
- iii. To understand the importance of customer relationship management in building customer loyalty.
- iv. To make recommendations on building customer loyalty with regards to satisfying customers and managing customer relationship.

1.4 Justification for the research

In times of severe competition and rising customer expectations, firms are highly interested in keeping existing customers. As virtually all companies depend on repeat business, a strong interest in the customer loyalty and its antecedents has evolved (Homburg & Giering, 2001). Both marketing academics and professionals have attempted to uncover the most prominent antecedents of customer loyalty (Yang & Peterson, 2004). There is a general consensus that customer loyalty is not solely dependent upon the level of satisfaction or dissatisfaction- however, the antecedents of loyalty remain, at best, highly speculative (Buttle & Burton, 2001). The study focus on the customer loyalty in the retail industry because Singh and Sirdeshmukh (as cited by Gee, Coates, & Nicholson, 2008) suggested that customer loyalty is rapidly becoming “the marketplace currency of the twenty-first century”. The study will provide quality insight into the nature of customer loyalty and the antecedent effects of satisfaction and relationship management as an

important measure for creating and sustaining organisation growth/survival in the fiercely competitive retail industry. Also, the research will further contribute to the available pool of knowledge on customer loyalty thereby enriching the subject area and providing a foundation future research.

1.5 Research Methodology

The aim of the research is to understand how customer loyalty through its antecedents- customer satisfaction and customer relationship management (CRM), serve as a means of sustaining continuous organisation growth in the highly competitive UK retail market. The research takes a realism philosophical stance which holds the view that observations will be more credible if made from several different perspectives, accepts the value of using multiple sources of data, and gives room for greater efficiency in conducting a research (Easterby-Smith, Thorpe & Jackson, 2008 p. 66-73).

A mixed research approach of both qualitative and quantitative approaches was used for the research. The qualitative research approach aimed at establishing customers' attitudes, values, behaviour and beliefs (Jobber, 2004 p.182), thereby placing emphasis on understanding consumer behaviour through insights (Egan, 2007 p.130). The quantitative approach on the other hand attempted the precise measurement of customers' behaviour, knowledge, opinion or attitudes (Cooper & Schindler, 2008 p. 164). Also, a combination of research methods was adopted for the research- the review of relevant literatures, semi-structured interviews with customers, employee and management and the use of self-completed questionnaires.

Finally, the research was based on a cross-sectional research design- the study of a particular phenomenon at a particular time (Saunders, Lewis & Thornhill, 2009 p. 155), using a case study strategy. This strategy involved an empirical investigation of a particular phenomenon within the real life context using multiple sources of evidence (Robson, 2002 p. 178).

1.6 The organisation of study

Sports Direct International Plc was established in 1982. With an objective to grow the core UK retail business by continuously driving efficiencies and deliver outstanding value to its customers, the organisation has grown to become UK's number one sports retailer. The core business of the organisation is selling leading third party brands such as Nike, Adidas, Reebok, Umbro and Fila, plus group brands, such as, Everlast, Lonsdale, Dunlop, Slazenger and Karrimor. Currently with an annual turnover of £1,367million, 16,6650 employees and over 470 stores within the Sports Direct retail group, the organisation sells a wide range of products covering all sports and activities (Annual Report, 2009).

The research was carried out at Unit 6 Sports Direct Chester, a business unit of the Sports Direct Group. It is strategically located at the Chester Retail Park with 46 employees. Due to its strategic location, the organisation faces stiff competition from other top retailers surrounding it as well as other sports retailers. For Sports Direct to remain competitive and survive in such intense retail environment, it must strategically build and maintain a loyal customer base. This can be achieved by adequately investing in satisfying its customers and maintaining quality relationships with them, in a way that is uniquely distinct from competitors' offerings.

1.7 Outline of Chapters

This dissertation is described within the structure of the following Chapters:

Chapter 2- Reviews the relevant literatures, building the theoretical foundation upon which the research was conducted. The chapter describes current body of knowledge.

Chapter 3- Looks at the philosophy, approaches, methods, strategy and design adopted for the research as well as the ethical considerations of the study.

Chapter 4- Provides details about the application of the research methods for collecting data, the data analysis procedures, the description of the sample and the presentation of the findings for each research aim.

Chapter 5- Related the research findings to the theories from reviewed literatures. It highlights the managerial implications, conclusions, recommendations, and limitations of the study, as well as areas for further research.

1.8 Definitions of terms

Loyalty- *“refers to customer behaviour characterized by a positive buying pattern during an extended period and driven by a positive attitude towards the company and its products or services”* (Van Looy, Gemmel, & Van Dierdonck, 2003 p. 59).

Customer satisfaction- is “the degree of overall pleasure or contentment felt by the customer, resulting from the ability of the service to fulfil the customer's desires, expectations and needs in relation to the service” (Hellier, Geursen, Carr & Rickard, 2003).

Antecedent factors- *“refer to significant preceding conditions/causes of a thing”* (Longman English Dictionary, p. 64).

Repurchase intention- An individual's judgement about buying again a designated product/service from the same company, taking into account his or her current situation and likely circumstances (Hellier et al., 2003).

Word of mouth- *“personal communication about a product between target buyers and neighbours, friends, family members and associates”* (Kotler & Armstrong, 2006 p. 437).

Switching cost- refers to customer's estimate of the personal loss or sacrifice in time, effort and money associated with the customer changing to another service provider (Hellier et al., 2003).

Relative attitude- refers to “a favourable attitude that is high compared to potential alternatives” (Dick & Basu, 1994).

Database- *“a collection of interrelated data of customers and prospects which can be used for different applications such as analysis, individual selection, segmentation and customer retention, loyalty and service supports”* (Pelsmacker, Geuens & Van den Bergh, 2007 p. 397).

1.9 Summary

This chapter provided a brief but insightful overview into the research. It highlighted the background to the study, the research objectives, the justification of the research and the methodology adopted for the research. The chapter also provided information about the organisation of study, definitions of terms used in the research and the structure of the research via the outline of subsequent chapters. Chapter 2 contains the review of relevant literatures.

2.1 Introduction

“What matters is not how satisfied you keep your customers...it is how many satisfied customers you keep.”

(Daffy, 2001 p. 28)

With an increasingly competitive retail environment and decreasing customer switching costs, customer loyalty has become a major theme in marketing research and a critical goal for organisations- thereby becoming both an essential concern for managers, and a strategic obsession for many (Bodet, 2008; Wallace et al., 2004). Universally, customer loyalty is recognized as a valuable asset in competitive markets (Srivastava, Shervani, & Fahey, 2000). According to Singh and Sirdeshmukh (as cited by Gee et al. 2008) customer loyalty is rapidly becoming, “the marketplace currency of the twenty-first century”. Anderson and Narus (2004) argue that customer loyalty is a more effective business strategy rather than continuously trying to acquire new customers in order to replace the defecting customers. This seems logical given the well versed marketing maxim notes, “It costs five times more to acquire a new customer than to retain an existing one” (Pfeifer, 2005; Gee et al., 2008). Loyalty is therefore viewed a major key in customer development, sustainability of growth and profitability for organisations (Rowley, 2005). This chapter explores the subject matter of customer loyalty, its topologies and the antecedent factors of customer satisfaction and customer relationship management (CRM) based on relevant reviews of literatures.

2.2 Customer Loyalty

Despite these various works, there is still no universal agreement on the definition of loyalty (Evanschitzky & Wunderlich, 2006). However, researchers have agreed that customer loyalty has two dimensions: behavioural and attitudinal dimensions (Skogland & Siguaw, 2004; Bell, Auh & Smalley, 2005).

2.2.1 Behavioural loyalty

There exist several definitions of behavioural loyalty in the marketing literature (Kumar & Shah 2004). Jacoby and Chestnut (as cited by Olsen, 2007), described loyalty as: “the behavioural response expressed over time by some decision-making unit with respect to one or more alternatives”. Behavioural loyalty is a customer’s overt behaviour toward a specific product/service in terms of repeat purchasing patterns- a repeat purchasing pattern can be determined as actual purchase frequency, the proportion of occasions in which a specific brand is purchased as compared to the total number of purchased brands and/or the actual amount of purchase (Back & Parks, 2003; Ball, Coelho & Machas, 2004). According to Kumar and Shah (2004), behavioural loyalty is observed from the customer’s purchase behaviour. It focuses on the value of the customer to the product/service (Schultz & Bailey, 2000); and for any organisation, customer loyalty becomes more meaningful only when it translates into purchase behaviour (Kumar and Shah, 2004). In practical terms, organisations want repeated purchases mainly because such behaviour in consumers can: presumably secure profitability (Rust, Lemon & Zeithaml, 2004; Reinartz, Thomas & Kumar, 2005) by increasing market share (Chaudhuri and Holbrook 2001). Rowley (2005) suggested that “customer repeat purchase loyalty must be the basic yardstick of success”. If a business can successfully achieve repurchase behaviour, then it is on the way to generating customer loyalty (Gee et al., 2008).

2.2.2 Attitudinal loyalty

Researchers widely agree that mere measurement of repeat purchase does not capture the whole meaning of loyalty (Matzler, Füller, & Faullant, 2007). Some scholars argue that behavioural loyalty (repeat purchase) alone is too simplistic and does not capture the multidimensionality of the construct of loyalty (Kumar & Shah 2004; Han & Back, 2008). As such, researchers looked at the psychological meaning (the decision making/evaluative) of loyalty in order to distinguish it from behavioural definitions (Keh & Lee, 2006). One of the critics of behavioural loyalty- Oliver (as cited by Mascarenhas, Kesavan & Bernacchi, 2006), defined customer loyalty as a “deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby, causing repetitive same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour”. In his view, there is an attitudinal aspect to customer loyalty. Building on this view, attitudinal loyalty has further been defined as the desire on the part

of the consumer to continue the relationship even if competitors lower prices, the willingness to recommend friends and intention to continue to patronize (Zeithaml, 2000; Chaudhuri & Holbrook, 2001; Doherty, & Nelson, 2008). Shankar, Smith, and Rangaswamy (2000), argue that attitudinal loyalty represents a higher-order, or long-term, commitment of a customer to the organisation that cannot be inferred by merely observing customer repeat purchase behaviour. This often results as an outcome of a long fruitful relationship between the organisation and the customers over time (Kumar & Shah, 2004).

Recently, several researchers tend to consider loyalty on a multidimensional basis, by adding an attitudinal to a behavioural loyalty concept (Back & Parks, 2003; Bell et al., 2005; Olsen, 2007). Terblanche and Boshoff (2006) cite empirical and anecdotal evidence to support the notion that loyalty is a both a long-term attitude and a long-term behavioural pattern, which is reinforced by multiple experiences over time. Van Looy et al. (2003 p. 59) putting into consideration both behavioural and attitudinal aspects of loyalty, defined customer loyalty as, *“customer behaviour characterized by a positive buying pattern during an extended period (measured by means of repeat purchases, frequency of purchase) and driven by a positive attitude towards the company and its products or services”*. The consideration of attitudes in addition to the behavioural representation makes loyalty not just richer conceptually (loyalty is a process, not just an act) but also more useful for practical purposes, such as influencing customers both attitudinally and behaviourally (Dick and Basu, 1994). Customer loyalty therefore has emerged from a simple measure of repeat patronage to a broadly interpreted and multidimensional construct (Dean, 2007)

Gremler (as cited by Harris & Goode, 2004) argue that a meaningful measure of customer loyalty cannot omit the measurement of either attitude or behaviour. This is because customers exhibiting positive attitudes may not translate that into purchase behaviour due to a relatively more favourable attitude toward another organisation (Dick & Basu, 1994). Just as behavioural loyalty is important to companies for generating profitability, attitudinal loyalty helps companies to build an invisible exit barrier for their customers, especially in non-contractual situations where switching costs are low (Shapiro & Vivian, 2000). Therefore, it is imperative for organisations to build both behavioural and attitudinal loyalty in order to maximize tangible returns to the organisation (Kumar & Shah, 2004).

2.2.3 Loyalty typologies

There have been a number of attempts to develop typologies of loyalty. However, the two major topologies are the levels of loyalty and phases of loyalty (Buttle & Burton, 2001).

- **Levels of loyalty**

Dick and Basu (1994) argue that loyalty is determined by the strength of the relationship between relative attitude and repeat patronage-indicating various levels of loyalty. They characterised the nature of customer loyalty and distinguish between loyalty situations of 'no loyalty', 'latent loyalty', 'spurious loyalty' and 'true loyalty' (Fig. 1). True loyalty signifies a favourable correspondence between relative attitude and repeat patronage that is as a result of clearly communicated long-term benefits by the organisation to its customers (Kumar & Shah, 2004). It is characterised by a strong attitudinal attachment, high repeat patronage and is least vulnerable to competitive offerings (Baloglu, 2002). Latent loyalty is associated with high relative attitude, but low repeat patronage (Rowley, 2005). The low patronage may occur due to situational factors such as: inadequate resources to increase patronage, organisation's price, accessibility, the influence of other people and or distribution strategy which may not be encouraging (Dick & Basu, 1994; Baloglu, 2002). Dick and Basu (1994) indicated that by understanding situational factors that contribute to latent loyalty, organisations can devise strategies to help combat them. Spurious loyalty represents a low relative attitude, with high repeat patronage. Customers with spurious or artificial loyalty make frequent purchases even though they are not emotionally attached to the brand (they may even dislike it even though they continue to make purchases). The high patronage levels of spuriously loyal customers can be explained by factors such as habitual buying, tangible rewards or financial incentives, convenience, and lack of alternatives, as well as factors relating to the individual customer's situation (O'Loughlin & Szmigin, 2006; Van Looy et al., 2003 p. 59). No loyalty is associated with a low relative attitude, combined with low repeat patronage (Rowley, 2005). In low loyalty situations, organisations can attempt to generate spurious loyalty through such means as in-store promotions, loyalty clubs and special offers (Dick & Basu, 1994). This is because customers with spurious and low-loyalty groups are highly volatile and susceptible to incursions from competitors (Baloglu, 2002).

Figure 1: Levels of loyalty

		Attitude	
		Low	High
Behaviour	High	Spurious Loyalty	True Loyalty
	Low	No Loyalty	Latent Loyalty

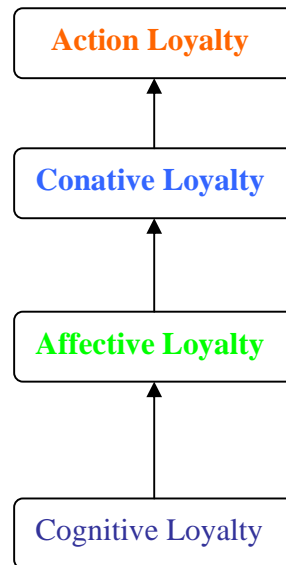
Source: Baloglu, S. (2002). Dimensions of customer Loyalty: Separating friends from well wishers Cornell Hotel and Restaurant Administration Quarterly, 43, 47 - 59.

- **Phases of loyalty**

The second topology of loyalty is base on Oliver's four phases of loyalty (Back & Parks, 2003). Oliver (as cited by Harris & Goode, 2004) forwarded a detailed framework of loyalty that presents loyalty as comprising four distinct, sequential phases (Fig. 2). The first loyalty phase is cognitive loyalty. At this stage loyalty is determined by information of the offering, such as price, and quality (Lewis & Soureli, 2006). It is the weakest type of loyalty because it is directed at costs and benefits of an offering and not at the product/service itself. Therefore, consumers are likely to switch once they perceive alternative offerings as being superior with respect to the cost-benefit ratio (Yang & Peterson, 2004; Evanschitzky & Wunderlich, 2006; Han & Back, 2008). The affective loyalty phases relates to a favourable attitude toward a specific product/service based on usage (Harris & Goode, 2004; Pelsmacker et al. 2007 p. 74). However, this form of loyalty remains subject to deterioration; primarily caused by an increased attractiveness of competitive offerings and an enhanced liking for competitive brands (Back & Parks, 2003). The conative phase of loyalty according to Oliver (as cited by Han & Back, 2008) implies "a loyalty state containing the deeply held commitment or intention to buy"- customers become truly loyal at the conative stage, showing strong commitment and the intention to repurchase and recommend. These intentions may however result to unrealised actions

(Yang & Peterson, 2004). Action loyalty is the final stage among loyalty phases, in which motivated intention is transformed into readiness to act (Yi & La, 2004).

Figure 2: Phases of Loyalty



2.2.4 Benefits of customer loyalty

Jacoby and Chestnut (as cited by Wallace et al., 2004), indicated that customer loyalty generates numerous benefits. According to Rowley (2005), a stable customer base is a core business asset that enables improved organisational profitability. Meidan (as cited by Lewis & Soureli, 2006) argue that customer loyalty leads to increased and guaranteed income and is a key determinant of market share and profitability. Supporting this view, Chaudhuri and Holbrook (2001) suggest that a high customer loyalty implies a higher market share and an ability to demand relatively higher prices compared to those of competitors. Loyal customers are cheaper to serve; less price sensitive, foster positive word-of-mouth promotion, and defy competitors' strategies (Dick and Basu, 1994; Jain & Singh, 2002; Reichheld, 2003; Rowley, 2005; Lewis & Soureli, 2006; Antón, Camarero, & Carrero, 2007).

Oliver (as cited by Wallace et al., 2004), argues that customer loyalty creates a stable pool of customers for a firm's products or services. Loyal customers demand less time and attention from the organisations they patronize (Yang & Peterson, 2004), and behave favourably towards the company in a variety of ways (e.g. forgiving product/service

mishaps) because they are emotionally committed (Crosby, 2002). As a result, they are a major source of sustained growth (Anderson & Mittal, 2000).

2.3 Antecedent factors of customer loyalty

The antecedent factors of customer loyalty have been discussed extensively in numerous works, (Hsieh & Li, 2008). Maintaining customers is increasingly difficult in many industries. Consequently, companies need to consider the antecedents of customer loyalty and their relative importance, such that they may try to impact on them in the provision and delivery of products/services (Lewis & Soureli, 2006). Behavioural loyalty is mainly expressed in terms of revealed purchase and usage behaviour, often conditioned on customer satisfaction while attitudinal loyalty is often expressed as an ongoing relationship with the organisation, often conditioned on positive customer preferences towards its products/services (Mascarenhas et al., 2006). For this reason, it is important to gain insight to the two antecedent factors of customer loyalty- customer satisfaction and customer relationship management (CRM).

2.4. Customer Satisfaction

Satisfaction is one of several antecedents of loyalty (Buttle & Burton, 2001; Yang & Peterson, 2004; Torres-Moraga, Vásquez-Parraga, & Zamora-González, 2008). The dominant model in customer satisfaction research is the expectation/disconfirmation paradigm which assumes that satisfaction is the outcome of a comparison between actual experiences with previous experiences, expectations, and perceptions of the product/service performance (Skogland & Siguaw, 2004; Matzler et al., 2007). Customer satisfaction is the degree of overall pleasure or contentment felt by the customer, resulting from the ability of the service to fulfil the customer's desires, expectations and needs in relation to the service (Hellier et al., 2003). Customer satisfaction is *“the ability to bridge the gap between customer expectations and product/service delivery”* (Daffy, 2001 p. 44). It is achieved when the consumer's expectations about the performance of the product or service being consumed are met or exceeded (Antón et al., 2007). The strong focus on customer satisfaction is based on the implicit assumption that there is a strong positive relationship between customer satisfaction and loyalty (Homburg & Giering, 2001). According to

Oliver (as cited by Wallace et al., 2004), because satisfaction is the “seed” out of which loyalty develops, enhancing satisfaction is an important means for achieving loyalty.

Reichheld, Markey and Hopton (2000), consider satisfaction as an “inherently unstable and temporary mental state”. This is because consumer’s level of satisfaction is constantly adjusting. Supporting this view, Dahlsten (2003) defined customer satisfaction as: “a function of the relationship between customer expectations and experience, that it is dependent upon value and that it is formed continuously”. Failure to meet customers’ needs and expectations is assumed to result in dissatisfaction/satiation (Zeithaml & Bitner, 2003), which is considered as the major causes of customers’ exit from organisations (Buttle & Burton, 2001). This invariably means that customers evaluate products/services, in terms of their ability to meet their needs and expectations. Therefore, organisations must be customer focused/driven to gain an intrinsic knowledge of the customers’ needs and expectations (Lindquist, 2006), and actively manage them, rather than providing the finest possible products/services and hoping for the best (Hoots, 2005). Uniquely anticipating and meeting customers’ needs way beyond the normal call of duty and better than competitors is therefore crucial (Mascarenhas et al., 2006).

Customers have to be very satisfied before they will repurchase (Gronroos, 2007 p. 144; Han & Ryu, 2009). Repurchase is the effect of cumulative satisfaction rather than individual episodic satisfaction (Yi & La, 2004). Multiple experiences with products/services need to be satisfactory to lead to the positive predisposition of long-term loyalty (Gee et al., 2008; Lee, Back & Kim, 2009). Among its most strategic consequences, satisfaction leads to increased customer retention, decreased price elasticities, lower customer acquisition costs, and lower transaction costs (Wallace et al., 2004; Daffy, 2001 p. 46). Moreover, an organisation’s capacity to satisfy customer needs prevent both customer withdrawal (despite low switching costs, competitors’ offering, or product/service failure) and the arrival of new competitors (Gómez et al., 2004; Doherty & Nelson, 2008). Thus, satisfaction becomes a differentiating mechanism for what the organisation has to offer (Cristobal, Flavián, & Guinalú, 2007). Overall, satisfied customers tend to be loyal customers (Rowley, 2005).

2.4.1. Product/Service quality

According to Oliver et al., (as cited by Gee et al., 2008), in an attempt to understand factors that induce customer satisfaction; the notion of product/service quality becomes increasingly prevalent within the academic literature. Studies show that service quality has a positive effect on satisfaction; that consumer satisfaction has a significant effect on customer loyalty and subsequently on company profitability (Yang & Peterson, 2004; Seth, Momaya & Gupta, 2005; Cristobal et al., 2007). Parasuraman et al. (as cited by Lewis & Soureli, 2006), defined service quality as a function of “the ability to perform the promised service dependably and accurately, the willingness to help customers and provide prompt service, the knowledge and courtesy of employees and their ability to inspire trust and confidence, the individualised attention the firm provides its customers and the physical facilities, equipment, and appearance of personnel”. According to Baron and Harris (2003 p. 136), “*quality is the lifeblood that brings increased patronage, competitive advantage and long term profitability*”. Grönroos (2007 p. 73), conceptualized the quality of products/services from two dimensions: the technical quality (what is delivered to the consumer) and the functional quality (how it is delivered). According to Grönroos (as cited by Wong & Sohal, 2003), the technical dimension can be defined as the visible or physical tangibles used or experienced by the customer during the product/service delivery process; while the functional dimension of quality can be defined as how the customer experienced the human interactions during the product/service delivery process. Both dimensions are important to customers in their evaluation of quality.

Ensuring quality products/services is considered as a good starting point for providing satisfaction and generating loyalty (Torres-Moraga et al., 2008). While high quality products/services can motivate consumers to strengthen their relationship with the organisation (Hess, Ganesan & Klein, 2003); poor quality or changes in an organisation's quality levels as demonstrated by Bansal, Taylor and James (2005) can provoke a change in consumers' attitudes/behaviour towards the organisation. Grönroos (2007 p. 144) stated that, “*it is not enough to offer the quality of products/services that merely satisfy...rather, it is important to surprise customers in such a way that their quality perception is satisfactory enough to reinforce loyalty and make them repurchase*”. Zeithaml, Berry & Parasuraman (1996) also suggested that the quality of an organisation's products/services have positive

consequences on its customers' purchasing intentions, on-word-of-mouth recommendations and on the willingness to pay a higher price.

2.4.2 Effective complaint handling

While organisations ideally attempt to ensure satisfaction at all times (via the provision of quality products/services); there will unfortunately be times when they fall short of expectations, and customer feels the need to complain. According to Gee et al. (2008), effective customer complaint handling becomes imperative. This is due to the fact that a single unsatisfactory experience may influence a customer to shift stores almost immediately (Gómez et al., 2004). A complaint offers an opportunity not only to retain a customer but also to garner valuable feedback (DeWitt, Nguyen & Marshall, 2008). Organisations should acknowledge to customers that they have received and heard their input and that they will expend efforts trying to address their issues (Zeithaml & Bitner, 2003). "*Complaint handling has a significant effect on customers' perception*" (Grönroos, 2007 p. 126); and a strong effect on customer loyalty (Homburg & Fürst, 2005). "*It is important for a firm to manage service quality well; but it is essential for it to manage service failures even better*" (Grönroos, 2007 p. 112); According to Macmillan and McGrath (as cited by Mascarenhas et al., 2006), "handling things when the product/service does not work out can be as powerful as meeting the need that motivated the initial purchase".

2.4.3 Arguments against customer satisfaction

Recently, there is a general consensus that customer loyalty is not solely dependent upon the level of satisfaction or dissatisfaction (Buttle & Burton, 2001). Managerial writers question the existence of a strong link between customer satisfaction and customer loyalty (Matzler et al., 2007). Daffy (2001 p. 29) argue that "*the satisfaction– loyalty relationship is not a linear one*". Just because customers are satisfied with an organisation's does not mean that they will buy more from the organisation or recommend it to their friends (Olsen, 2002; Cook, 2008 p.119). Supporting this view, Homburg and Giering (2001) argue that the relationship between satisfaction and loyalty is moderated by various factors such as age, income, lifestyle and variety seeking. According to Doherty and Nelson (2008), some satisfied customers may frequently switch stores; while Olsen (2007) argues that the direct effect of satisfaction on loyalty varies between industries. Furthermore, Mittal and

Kamakura (2001) showed in their study that repurchase rates differed among different customer groups, at the same level of rated satisfaction; while Yi and La (2004) argue that customer satisfaction does not guarantee higher repurchase. Matzler et al. (2007) are of the view that satisfaction drivers differ strongly among customers or customer groups. Although these authors provide fragmented evidence for high defection rates of satisfied customers, this phenomenon remains largely unexplored in academic literature (Homburg & Giering, 2001).

2.5 Customer Relationship Management (CRM)

“All business is based on relationships. The firm only has to make them visible and meaningful for its customers- provided that the customers want them.”

(Grönroos, 2007 p. 23)

Organisations aim to cultivate repeat transactions with customers. The repetition of these interactions over time leads to the development of relationships between organisations and their customers (Buttle & Burton, 2001). A cornerstone of the customer relationship management (CRM) literature is the Reichheld and Sasser statement that “reducing defections by 5% boosts profits 25% to 85%.” This statement has been used as justification for increased attention to, and investments in, CRM (Pfeifer & Farris, 2004). Today in the business world, management recognizes that customers are the core of a business (Nguyen et al., 2007); and that by satisfying and retaining them using relationship-building tactics is one of the only sure forms of sustainable competitive advantage (Grönroos, 2007 p. 434; Noble & Phillips, 2004).

“CRM is the overall process of building and maintaining profitable customer relations by delivering superior value and satisfaction” (Kotler & Armstrong, 2006 p. 13). It deals with the identification, attraction and retention of profitable customers by managing relationships with them (Kotler et al., 2009 p. 179). CRM is an attempt to modify customer behaviour over time and strengthen the bond between the customer and the company, with the purpose of maximising the value of the relationship to the customer for the customer’s benefit and the company’s profits (Newell, 2000; Nguyen et al., 2007). *“CRM involves managing the customer relationships across its interfaces with the company as one entire process”* (Cook, 2008 p. 28). It is also about cementing long term collaborative

relationships with customers, based on mutual trust (Crosby, 2002); and developing a comprehensive picture of customer needs, expectations, behaviours and managing those factors to affect business performance (Hoots, 2005; Kotler & Keller, 2006 p. 41). According to Dibb, Simkin, Pride and Ferrell (2006 p. 110), “*CRM uses technology-enhanced customer interaction to shape appropriate marketing offers designed to nurture ongoing relationship with individual customers within the organisation’s target markets*”. Newell (2000) agree that “a profitable CRM is not a one night stand”. It involves continuous planning, implementation, measurement and reviewing- in other to build on strengths and overcome weaknesses (Cook 2008, 258). Customer relationships should however be cultivated and managed in a manner that leads to customer loyalty (Duffy, 2003).

2.5.1 CRM Strategies

Recent years have witnessed a steep increase in organisations investing in, and implementing CRM strategies. This is reflective of the corporate need to identify, satisfy, retain and maximize the value of most profitable customers, as well as the need to tailor the organisation’s offered products/services to them (Bull, 2003; Kim, Lee, Bu & Lee, 2009). CRM strategies makes good profit sense given the lifetime value of loyal customers, and the role of customer “apostles” in helping to market the firm (Crosby, 2002). “*Customer life-time value is the total estimated revenue that a customer is expected to be worth to an organisation-usually expressed as net present value*” (Pickton & Broderick, 2005 p. 268). Crosby (2002), argue that for a customer relationship strategy to be effective, it must be synergised among all component elements of the organisation. It is important for organisations to be aware that customers who are interested in developing a relationship do so with the expectations that the company will reciprocate and recognise loyalty with appropriate rewards (McMullan & Gilmore, 2008). Berry (as cited by Noble & Phillips, 2004) pointed out that, “when organisations can offer target customers value-adding benefits that are difficult or expensive for customers to provide and that are not readily available elsewhere, they create a strong foundation for maintaining and enhancing relationships.” According to Hennig-Thurau, Gwinner and Gremler (2002), for CRM strategies to achieve any measure of success, consumers must feel that they are somehow rewarded for their participation in the process. Database marketing and customer loyalty programs are two relevant CRM strategies.

2.5.2 Database Marketing

Database marketing is the use of accurate customer and prospect customer information, competitor information, market information and internal company information stored on a computer database to focus marketing activities towards contacting, transacting, and building customer relationships (Pickton & Broderick, 2005 p. 271; Kotler et al., 2009 p. 179). According to Jobber (2004 p. 542), “*database marketing is an interactive approach to marketing that uses individual addressable marketing media and channels to provide information to target audience, stimulate demand and stay close to customers.*”

2.5.3 Benefits of Database marketing

Potential benefits of retailers adopting a database marketing approach include: increased knowledge of customers thereby allowing for more informed decisions (Pickton & Broderick, 2005 p. 321; Kotler et al., 2009 p. 179); ability to track customer buying patterns and better understand customer motives; ability to target marketing efforts only to prospects likely to be interested thereby reducing costs (Dato-on, Joyce & Manolis, 2006); ability to offer varied messages to different customers and customize promotions, prices, and services to individual consumers (Jobber, 2004 p. 510); ability to coordinate the delivery of multiple services to the same customer; minimizes communication errors and breakdowns with customers; augment core offerings with valued incentives and increase customer awareness and loyalty (Kotler & Armstrong, 2006 p. 507).

Despite the above benefits, database marketing have some limitations as identified by Kotler et al. (2009 p. 183) which includes: the difficulty in collecting the right data, the high cost of gathering information and the difficulty of getting everyone in the organisation to be customer oriented and to use the available information. Others limitations identified by Pelsmacker et al. (2007 p. 397) include: data expiration, inconsistency and duplications.

2.5.4 Loyalty programs

Another well-known CRM-based strategy is loyalty programs. Armed with customer databases and the technology to consistently gather and analyze customer data (i.e., database marketing), organisations can take active measures to develop interactive programs that not only identify but also reward their best customers (Dato-on et al., 2006). The overall objective of loyalty programs is to modify customer repeat behaviour by

stimulating product or service usage and retain customers by increasing switching costs (Stauss, Schmidt & Schoeler, 2005; Meyer-Waarden, 2007). Loyalty programs aim to create a win-win situation for the initiating company and its customers (Stauss et al., 2005). According to Bolton et al. (as cited by Noble & Phillips, 2004), “this strategy encourage customers to return to a retailer in order to save money, receive special offers or extras, or earn additional products/services in appreciation for their loyalty.” The most common loyalty program is the loyalty programme card. Loyalty card programmes are “integrated systems of marketing actions that aim to make customers more loyal by developing personalised relationships with them” (Meyer-Waarden, 2008).

2.5.5 Benefits of Loyalty programs

According to Meyer-Waarden (2007), loyalty programs which represent tools for developing relationships; offer integrated systems of marketing actions as well as economic, psychological, and sociological rewards. They allow for the creation of a relationship that is based on interactivity and individualisation (Meyer-Waarden, 2008); and often buffers organisations from losing customers when they encounter a product/service delivery failure (Noble & Phillips, 2004). Loyalty programs enable organisations to efficiently monitor and collect information about customers, so as to anticipate consumers' future needs, in order to surprise and delight them (Buttle & Burton, 2001). Successful loyalty schemes increase customer loyalty- lifetime duration (Meyer-Waarden, 2007). Loyalty programs induce feelings of intelligence and pride about having achieved or won something without having to pay the normal price, as well as a sense of appreciation among customers who relate rewards to being a preferred or special customer (Kivetz & Simonson, 2002). The recent study carried out by Meyer-Waarden (2008), supports previous findings and provides important empirical generalisations that loyalty programmes affect purchase behaviour (those who become members of loyalty programmes identify more strongly with the organisation).

2.5.6 Benefits of CRM

In addition to previously stated benefits, if used properly, CRM could enhance a company's ability to achieve the ultimate goal of retaining customers and so gain a strategic advantage over its competitors (Nguyen et al., 2007). CRM allows organisations to distinguish between customers that are profitable, nearly profitability, unprofitable, and have the

potential to be profitable (Bull, 2003). This kind of knowledge can help firms make focused and more effective decisions (Jain & Singh, 2002). Ledingham and Bruning (as cited by Hsieh & Li, 2008) noted that the consumer's awareness of organisation-customer relationships could raise their loyalty toward the corporation, which would in turn increase company income, enhance market share, and achieve other corporate objectives.

2.5.7 Arguments against CRM

While organisations may want customers to have a strong relationship with them, some customers are reluctant to do so (Keh & Lee, 2006; Grönroos, 2007 p. 23; McMullan & Gilmore, 2008). Findings of the research carried out by Noble and Phillips (2004) suggest several reasons such as: customers' perception that their privacy will be invaded; perception that such relationship involves too much time and effort; and the perception that derivable benefits are unenticing or not genuine. Also, Gee et al. (2008) noted that factors such as price, perceived value for money or product/service quality may trigger customers to end their relationship with an organisation. The image of an organisation is also considered an important determinant of customer-organisation relationship (D'Astous & Lévesque, 2003; Lewis & Soureli, 2006). A favourable/unfavourable corporate image enhances or destroys the customers' interest/belief about value gained; thereby indirectly influencing customer attitude and behaviour toward the organisation; and an increased effect on customer loyalty (O'Cass & Grace, 2008; Hsieh & Li, 2008). According to Dibb et al. (2006), an excellent store image must be in place for organisations to attract, retain and maximise any form of relationship with customers.

2.6 Customer Loyalty and Profitability

The ultimate goal of any corporate initiative is profitability (Reinartz & Kumar, 2002). It is therefore important to understand that loyalty has value only in the context of profitable customers (Jain & Singh, 2002). Resources invested in building loyalty without focusing on profitability may amount to failure over time (Kumar & Shah, 2004). While loyalty is a concept that all organisations want, gaining customer loyalty is less straightforward and more complex than several previous studies have suggested (Reinartz & Kumar, 2000; Keiningham, Cooil, Aksoy, Andreassen & Weiner, 2007). Loyalty is not a one-step process, but a long process consisting of many sequential steps that can move upwards or

downwards, depending upon the impact of the customers' experiences (Mascarenhas et al., 2006). According to Keiningham et al. 2007, "If it were easy, however, everyone would already be doing it". However, researchers and managers acknowledge that it is important because small changes in loyalty can yield disproportionately large changes in profitability (Reichheld et al., 2000; Evanschitzky & Wunderlich, 2006). Most importantly, as indicated by Duffy (2003), customer loyalty only yields significant benefits when it is pursued as part of an overall business strategy of an organisation. Therefore, it is expedient that organisations build themselves around what is good for the customers, and change their organisational structures, systems and processes to build great customer experiences in order to continually sustain growth despite fierce competition (Mascarenhas et al., 2006).

2.7 Chapter Summary

This chapter has given a thorough insight into the subject area of customer loyalty, with reference to its various definitions, dimensions, antecedents, and arguments for and against it; with the objective of using it as a foundation for the research being carried out. Chapter 3 will discuss the methodology and methods to be applied in the research and their justifications.

3.1 Introduction

The aim of the research is to understand how customer loyalty through its antecedents-customer satisfaction and customer relationship management (CRM) can serve as a means of sustaining continuous organisation growth in the highly competitive UK retail market. This chapter provides an overview of the methodology that will be adopted to gain thorough insight into the research area. The chapter discusses the methodological considerations such as the research philosophy, strategy and methods, alongside their justification for being considered. In addition, the chapter highlights the ethical considerations that bind the research.

3.2 Research Philosophy

The research will adopt a realism philosophical research approach. Realism philosophy approach has an ontological view that phenomena depend on the perspective from which people observe them, and an epistemological position that observations will be more accurate/credible if made from several different perspectives (Easterby-Smith et al., 2008 p. 66). Ontology is the researcher's view of the nature or being while epistemology is the researcher's view regarding what constitutes acceptable knowledge (Saunders et al., 2009 p. 119).

3.2.1 Justification of the Research Philosophy

Aside the realism philosophy approach which the research aim to adopt, two other philosophies were considered but rejected because they were considered not suitable for the research.

At one end of the continuum is the 'positivism' philosophy approach. This philosophy holds an extreme stance that an accurate and value-free knowledge of things is possible. It rejects the meta-physical and subjective ideas and is only interested in the tangible, thereby holding out the possibility that human beings, their actions and institutions can be studied as objectively as the natural world. The intention of positivism is to produce general laws that can be used to predict behaviour. This approach was rejected because although it takes

into consideration the tangible aspects of human activities, can provide a wide coverage of the range of situations, it is fast and economical (particularly when considering large samples) thereby making it easier to provide justification of results; it however is unable to deal with the intangible aspects such as the interpretation or motivation of those tangible aspects. Also, it is rather inflexible and artificial because it involves making assumptions and manipulations, thereby opening the door for the researcher's value and preferences to enter into the research process which is not considered ideal for this type of research (Fisher, 2007 p. 17 - 18).

At the other end of the continuum, contrasting to positivism is the 'interpretivism' philosophy. Interpretivism holds a view that the subject matter of the social science (people and their institutions) is fundamentally different from that of natural science (Bryman, 2004 p. 13). This philosophy takes the position that reality is socially constructed and determined by people rather than by objective and external factors (Easterby-Smith et al., 2008 p. 333). Interpretivism attempts to understand the process by which knowledge is gained and does not accept the existence of an orthodox or standard interpretation of any particular topic (Fisher, 2007 p. 20 - 21). Although this philosophy could have been adopted, considering its strengths of: flexibility, ability to understand people's meanings and provide a way of gathering data which is natural rather than artificial; it was not adopted because it is very time consuming. Data collection alone takes a great deal of time and resources, due to the fact that institutional and cultural differences have to be accommodated thereby making analysis and interpretation difficult considering the duration of the research being carried out (Easterby-Smith et al., 2008 p. 72).

The realism philosophy which is somewhat in the middle in the continuum will therefore be adopted for the research. This is because the philosophy is a useful compromise that tries to combine the strengths of the two other philosophies and avoid their limitations. Also, realism philosophy allows for greater efficiency in conducting a research, and accepts the value of using multiple sources of data and perspectives- thereby enabling generalisations to be made beyond the boundaries of the situation or sample under study (Easterby-Smith et al., 2008 p. 73).

3.3 Research Approach

A mixed research approach of both qualitative and quantitative approaches will be used for the research. The combination of approaches in research is termed ‘triangulation.’ Triangulation is the idea of combining approaches together in the sense that researching the same topic using a number of different techniques is complementary, with the outcome resulting to a more thorough understanding of the problem under investigation (White, 2002 p. 67 - 68).

3.3.1 Qualitative Research Approach

Qualitative research aims to “*establish customers’ attitudes, values, behaviour and beliefs*” (Jobber, 2004 p.182). This research approach places emphasis on understanding consumer behaviour through insights (Egan, 2007 p.130). It is all about exploring issues, understanding phenomena and answering questions. It will be used to gain insight into ‘how’ and ‘why’ customer loyalty may serve as a means of sustaining continuous growth in the competitive marketplace. “*The purpose of qualitative research is to find out what is in a customer’s mind*” (Aaker, Kumar & Day, 2007 p.189).

Among its limitations is the fact that qualitative research is not necessarily representative of the population of interest, and sometimes, it does not distinguish small differences in attitudes or opinions as well as large scale quantitative research does (McDaniel & Gates, 2002 p. 154).

3.3.2 Quantitative Research Approach

Quantitative research attempts precise measurement of a thing. In business research, quantitative approach usually measures customer behaviour, knowledge, opinion or attitudes (Cooper & Schindler, 2008 p. 164). This research approach emphasizes quantification in the collection and analysis of data, as well as incorporates the practices and norms of natural science (Bryman, 2008 p. 22). It also has the potential to carry out research on a large sample size. Quantitative research approach applies the use of computer programs/software package to analyse data

There is limited opportunity to probe respondents due to large sample size. The research processes possess an artificial and spurious sense of precision and accuracy (Bryman, 2004 p. 79).

3.3.3 Justification of the Mixed Research Approach

“Looking at the same problem from a number of viewpoints is an excellent way to verify interpretation and conclusions in a research” (White, 2002 p. 26). A mixed approach will maximize the strengths of each individual approach and minimise limitations. While the qualitative research approach will provide feedback from management, employees and customers; and give the researcher an opportunity to probe feelings and attitudes on an in-depth basis; the quantitative research approach will enable the researcher quantify customers’ opinions in a numerical fashion (Cook, 2008 p. 102). A blend of both approaches will therefore provide a more thorough understanding of the research area (McDaniel & Gates, 2002 p. 124).

3.4 Research Methods

Research methods refer to *“the systematic, focused and orderly collection of data for the purpose of obtaining information from them; to solve/answer a particular research problem or question”* (Ghauri & Grønhaug, 2005 p.109). A combination of research methods will be used for the research (review of relevant literatures, semi-structured interviews and the use of self-completed questionnaires) to ensure triangulation as previously explained.

3.4.1 Literature Review

The review of relevant literatures will provide a framework for establishing the importance of the study, as well as a benchmark for comparing results of the current study with findings from previous related studies (Creswell, 2003 p. 29 - 30). The review of literatures will give the researcher insight to the different theoretical and methodological approaches to the research areas; allow the researcher learn from other researchers’ mistakes and avoid making the same ones; lead the researcher to consider the inclusion of variables that might not otherwise have been thought about, help with the interpretation of findings; and give

the researcher some pegs on which to hang findings of the current research (White, 2002 p. 5; Bryman, 2004 p. 527).

3.4.2 Semi Structured Interview

A semi-structured interview is an attempt to cover a specific list of topics or subareas in which the timing, exact wording, and time allocated to each question area are left to the interviewer's discretion (Aaker et al., 2007 p.193). The interview whose participants will include: the management, employees and customers of the store will give opportunities for flexibility to probe for details or discuss issues, and enable participants to reflect on questions as well as elaborate or build on relevant points.

3.4.3 Self-completion questionnaires

Self-completion questionnaires using Likert scale rating in which respondents (customers) will be asked to indicate how strongly they agree or disagree with series of statements will be used (Saunders et al., 2009 p. 378). The Likert scale was developed by Rensis Likert in 1932 (Egan, 2007 p. 133). The questionnaire will be designed in line with the information retrieved from the interviews conducted. The questionnaire will seek to get data from respondents, based around the three key areas of the research- customer loyalty, customer satisfaction and CRM. Data from the questionnaires will be coded and analysed using the Statistical Package for Social Sciences (SPSS).

3.4.4 Limitation of the Research Methods

The limitation of semi-structured interview is the ease by which an interviewer can unintentionally influence respondents, thereby introducing bias into the data collected (Jobber, 2004 p. 189). Some respondents have a tendency to distort answers to please the interviewer or to avoid appearing foolish (Hill & Alexander, 2000 p. 102 - 103). Also, it is quite demanding and much depends on the interviewer's skill (Aaker et al., 2007 p. 193).

The major drawbacks of self-completion questionnaires include: respondents being limited to making choices from a set of available options provided by the researcher rather than answering in their own words (Kotler & Armstrong, 2006 p. 116); the questionnaire have to be reasonably short and questions simple because any perceived difficulty in completing the exercise will have a considerable adverse effect on the response rate; and finally, some

respondents may tend to reply very hurriedly and with little thought- as a result, questions may be misinterpreted or omitted (Hill & Alexander, 2000 p. 106; Creswell, 2003 p. 186).

3.4.5 Justification of the Research Methods

The use of literature review as a research method is to collate previously published works in the same field in order to show how the current research relates to what others have done (White, 2002 p. 5). A critical review of literatures on customer loyalty, customer satisfaction and customer relationship management will provide the foundation for the current research. This will enable the development of a good understanding and insight into trends that have emerged around customer loyalty.

Semi-structured interview will allow participants provide historical information and give the researcher control over the line of questioning (Creswell, 2003 p. 186). It will enable a thorough examination of customers' attitudes and perceptions, thereby improving the quality and quantity of information gained (Hill & Alexander, 2000 p. 101 - 102). The use of a semi-structured interview will help simplify complex questions, and allow component elements of the topic 'customer loyalty' to be broken down in considerable details. The data derived will provide essential direction for the design of a questionnaire as well as providing valuable qualitative data for use in the other chapters. The semi-structured interviews will also encourage participants to comment on points of relevance not previously considered. This will end up not just providing answers, but also backing answers with reasons, and as such providing quality insight to the research topic that will enable recommendations to be made.

Self-completed questionnaires are very flexible, easy to interpret and tabulate (Kotler & Armstrong, 2006 p. 116), as well as useful in gaining insight (Kasper, Helsdingen & Gabbott, 2006 p. 200). They are the cheapest and the least intrusive method of data collection; capturing customer's views at the point-of-sale; offering respondents complete anonymity; eliminating interviewer-induced bias and enabling a wide choice of distribution method (Hill, Brierley & MacDougall, 1999 p. 37 - 38; Daffy, 2001 p. 115 - 119). The questionnaires will enable the research focus on a larger sample size than the interview method may allow.

3.5 Research Strategy and Design

A case study strategy will be adopted for the research. Robson (2002 p. 178) defined case study as, “*a strategy for doing research which involves an empirical investigation of a particular phenomenon within the real life context using multiple sources of evidence*”. The case study strategy has considerable ability to generate answers to the question ‘why’, ‘what’ and ‘how’ (Saunders et al., 2009 p. 152). For a case study strategy, there is need to use and triangulate multiple source of data.

Other research strategies considered but will not be adopted are: the action research strategy- used to address complex practical problems which little is know. This strategy will not be adopted because “*its aim is to investigate the effects of applied solution*” (Cooper & Schindler, 2008 p. 185). Ethnography strategy- in which the researcher uses socially acquired and shared knowledge to understand the observed patterns of human activity (Collis & Hussey, 2003 p. 70). This strategy will not be adopted because the main method of collecting data is by participant observation which is not considered realistic for this research. Finally, the archival research strategy will not be adopted because its major focus is on historical review that helps describe what happened in the past (Jankowicz, 2000 p. 215).

The research will be based on a cross-sectional research design. A cross-sectional design is “*the study of a particular phenomenon at a particular time*” (Saunders et al., 2009 p. 155). Although a longitudinal design (which involves observing a phenomenon over time) is considered a rich source of data, it however will not be adopted due to time constraints, considering the massive amount of data that will need analysing.

3.6 Sampling

Sampling is the process of selecting representative units from a total population, while a population includes all the elements, units, or individuals of interests to the researcher for a specific study (Pride & Ferrell, 2003 p. 147).

3.6.1 Sampling option

A probability technique of simple random sampling will be adopted as the sampling option for the research. *“Probability sampling is a technique in which every element in the population being studied has a known chance of being selected”* (McDaniel & Gates, 2002 p. 67). Using a simple random sampling will enable all elements in the population to be independent of human judgment, and therefore have an equal chance of appearing in the sample. This will make the sample representative of the population as a whole (Egan, 2007 p. 133).

3.6.2 Determining the sample size

“A sample is a limited number of units chosen to represent the characteristics of a total population” (Pride & Ferrell, 2003 p. 147). The sample being representative is important in order to allow the researcher make accurate estimates of the thoughts and behaviours of the larger population (Armstrong & Kotler, 2003 p. 169). A sample size of 30 participant consisting the management, employees and customers of the store will be used for the semi-structured interview to be conducted. However, for the customer survey using the self-completion questionnaire, a sample size of 250 customers will be used. According to Hill and Alexander (2000 p. 88), a sample of 200 - 500 is considered adequate for most customer surveys. This will give an acceptable degree of accuracy provided it is a probability sample.

3.7 Ethical considerations

“Ethic considerations are the moral principles and values that govern the actions and decisions of an individual” (Jobber, 2004 p. 909). The request to use the store ‘Sports Direct- Unit 6’ as the case study for the research was tendered to the manager of the unit by the researcher. The manager then forwarded the request to the area manager who approved it. However, there was a joint agreement between the researcher and the area manager that very minimal information about the store should be included in the research. Also, it was agreed upon that there will be no intrusion of privacy (both of customers and the organisation as a whole- Sports Direct International) of any kind in the process of the research. For these reasons, very minimal information about the store (and the organisation

as a whole) was documented; and the researcher did not include any personal details of the research participants/respondents throughout the research.

It was also agreed upon that the researcher will strictly use the data gathered for the research for academic purpose only; not use research findings for any form of commercial purposes; and that a copy of the research will be made available to the organisation.

Finally, the research only involved participants with their consent. Adequate information about the research was made available so that participants could make informed decisions as to whether to take part or not.

3.8 Summary

This chapter has provided a detailed overview of the research methodology that will be adopted in the study by highlighting the research philosophy, strategy, methods and sampling option. The chapter also justified the research methodology while stating its limitations as well as discussing the ethical issues involved in the research. The results of research conducted via the semi structured interviews and self-completed questionnaires will be analysed and discussed in Chapter 4.

4.1 Introduction

This chapter presents the analysis of the research participants, as well as the presentation and discussion of findings of the research base on the application of the research methods identified in the previous Chapter.

4.2 Application of Methodology

A mixed (qualitative and quantitative) research approach was used in the study for the purpose of triangulation. Also, a mixed research method of both semi structured interview and self-completion questionnaire was used to collect data. The semi structured interview was used to obtain qualitative data, while the self-completion questionnaires provided the quantitative data that was used. For triangulation purpose, both the qualitative and quantitative findings will be presented together throughout this Chapter. However, the full research data tables will be listed in the appendices.

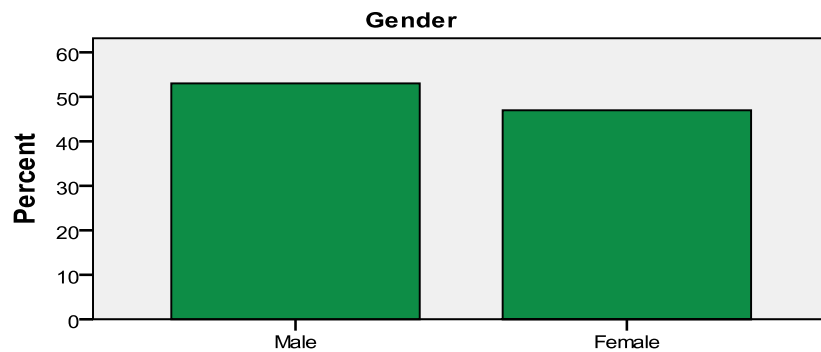
4.3 Analysis of research participants

A total of 30 short interviews were conducted. The interview involved a total of 18 female and 12 male participants. For the quantitative data, a response rate of 92.8% (232 respondents) was derived from the self-completion questionnaire, which was then analysed using the SPSS software (version 18.0).

4.3.1 Gender

The total sample of 232 comprised of 123 male respondents and 109 female respondents; accounting for 53% and 47% respectively of the sample (Fig. 3).

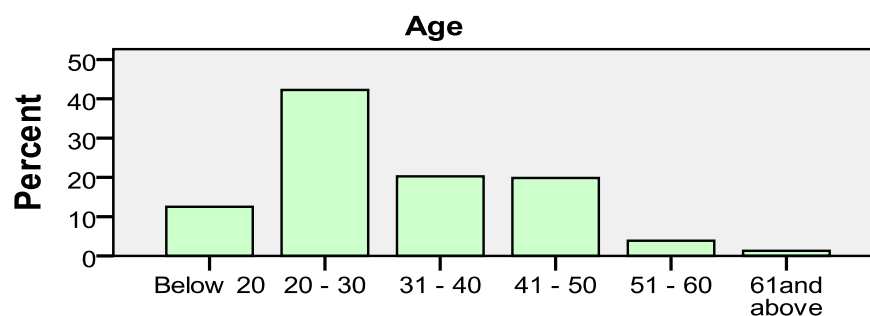
Figure 3



4.3.2 Age

The majority of respondents (42.2%) were between 20-30 years old. 12.5% were below 20 years, 20.3% were between 31 and 40 years old, 19.8% were 41-50 years old, 3.9% were 51-60 years old, while only 1.3% was 61 years and above (Fig. 4). Result obtained from the study shows that the customers who patronise the store are mostly under the age of 40 years. This may be as a result of the organisation's marketing strategy aimed at offering products/services to the target group (people below 40 years) considered energetic, and with the likelihood of being sports inclined.

Figure 4



4.3.3 Frequency of shopping

Result from the study also indicated that 60.8% of the respondents shop less than once a week in the store; 30.2% shop 1-2 times weekly; 5.6% shop 3-4 times weekly; while a total of 3.4% shop at least 5 times a week (Fig. 5).

Figure 5



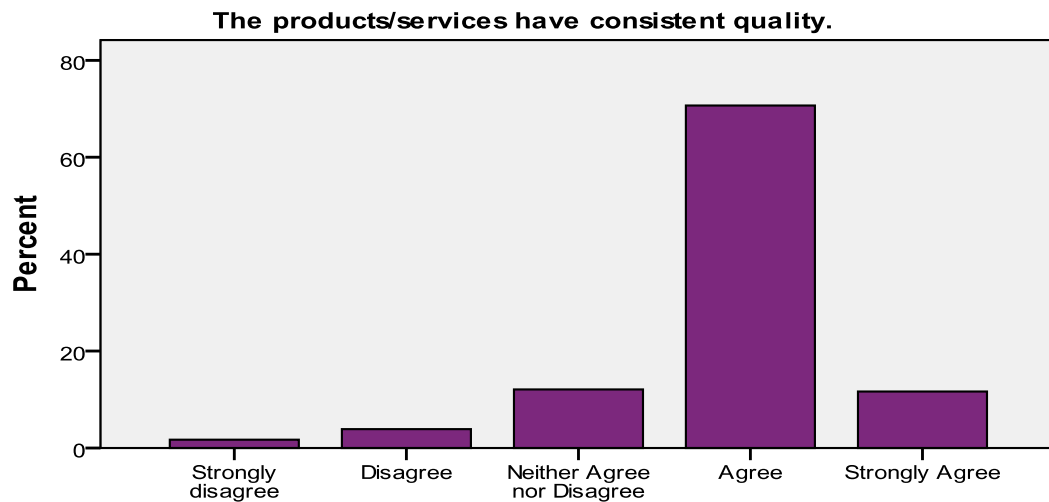
4.4 Findings for Product/Service Quality

The quality of the of the store's product/service were measured under five headings:

4.4.1 Consistency of products/services

In agreement with results from the interview conducted the survey findings shows that 70.7% and 11.6% of the total respondents agreed and strongly agreed respectively that the products/services of the store have consistent quality (Fig. 6). However, 1.7% strongly disagreed, 3.9% disagreed while 12.1% of the respondents neither agreed nor disagreed (Fig. 6).

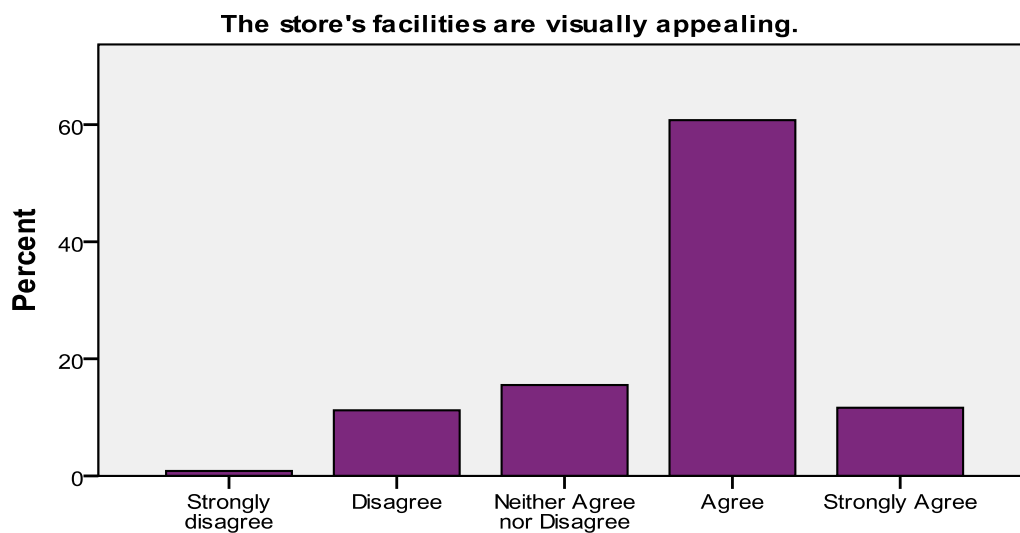
Figure 6



4.4.2 Store facilities

Considering the appearance of the store, a combined total of 72.4% of the respondents agreed that the facilities of the store are visually appealing. A total of 12.1% however disagreed while 15.5% were neutral (Fig. 7). Although the interview results showed that the majority of participant agreed, it was evident that different customers have different definition of what they consider to be appealing due to differences in preferences and lifestyle.

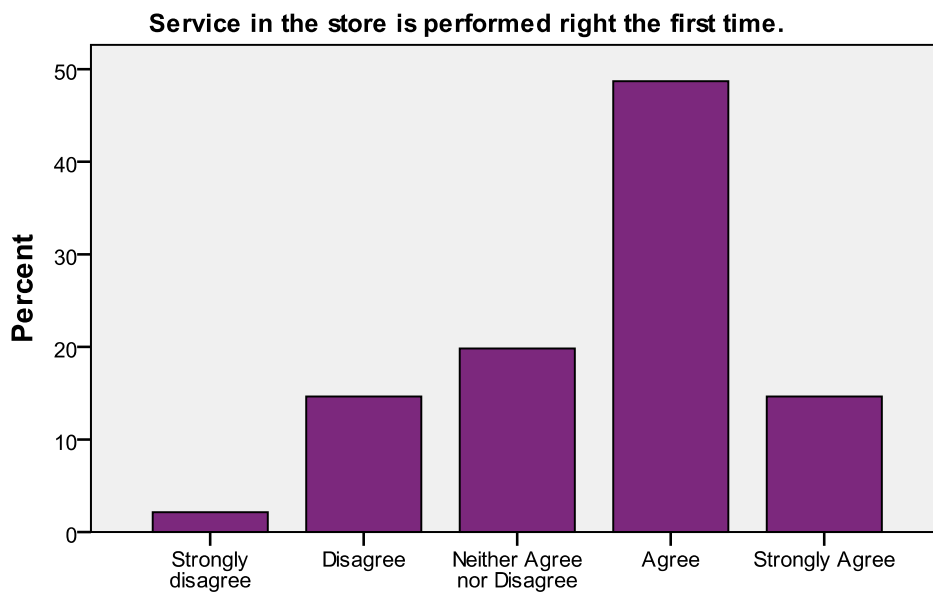
Figure 7



4.4.3 Service performance

Findings from the research shows that a combined total of 63.4% of respondents agreed that services in the store are performed right the first time, while a combined total of 16.9% respondents disagreed (Fig. 8). 63.4% which represented a little above half of the total respondents may not be considered a strong indicator that services are performed right the first time in the store considering that the result of the interview showed that majority of the participants (twenty-three) disagreed that services were performed right the first time.

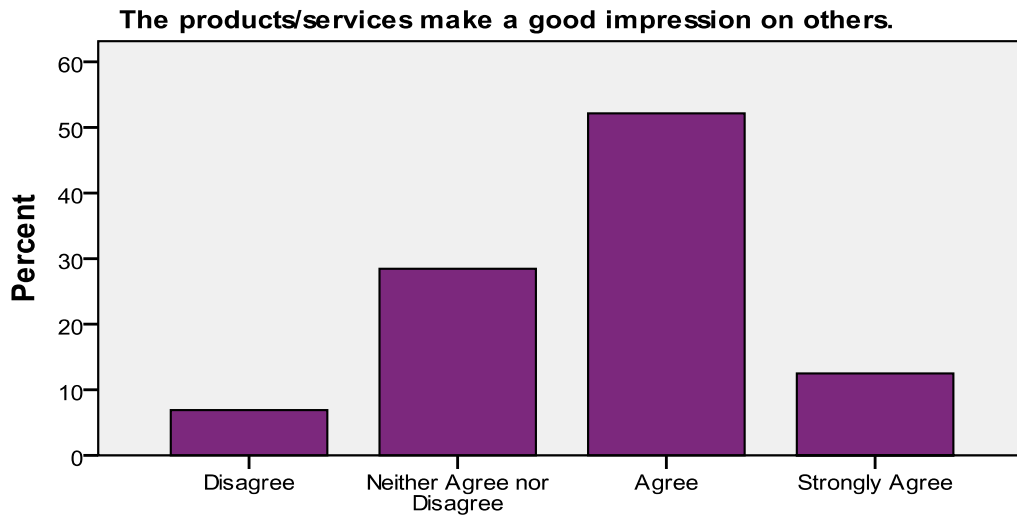
Figure 8



4.4.4 The impression products/services give

In examining the impression the products/services of the store give people, findings from the study showed that 28.4% of respondents were neutral, 6.9% disagreed, 52.2% agreed while the remaining 12.5% strongly agreed that the impression is good (Fig. 9). In contrast, interview results also showed that a vast majority of participants (nineteen) were uncertain about the impression the products/services give while only a few (five) agreed they give good impression.

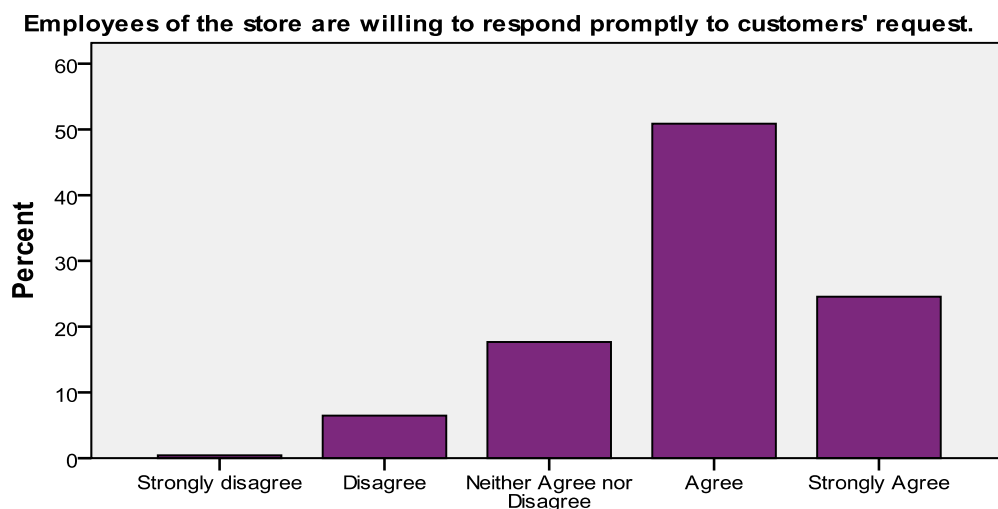
Figure 9



4.4.5 Promptness of response to customers' request

Considering the staff willingness to promptly respond to customers' requests, the research findings show that 0.4% and 6.5% of the total respondents strongly disagreed and disagreed respectively that staff are willing to respond promptly. Result obtained also shows that 50.9% agreed, 24.6% strongly agreed while the remaining 17.7% were neutral (Fig. 10). Overall, 85% of respondents agreed which shows that employees in the store are willing to respond promptly to customers' request; which is in accordance with findings from the interviews.

Figure 10



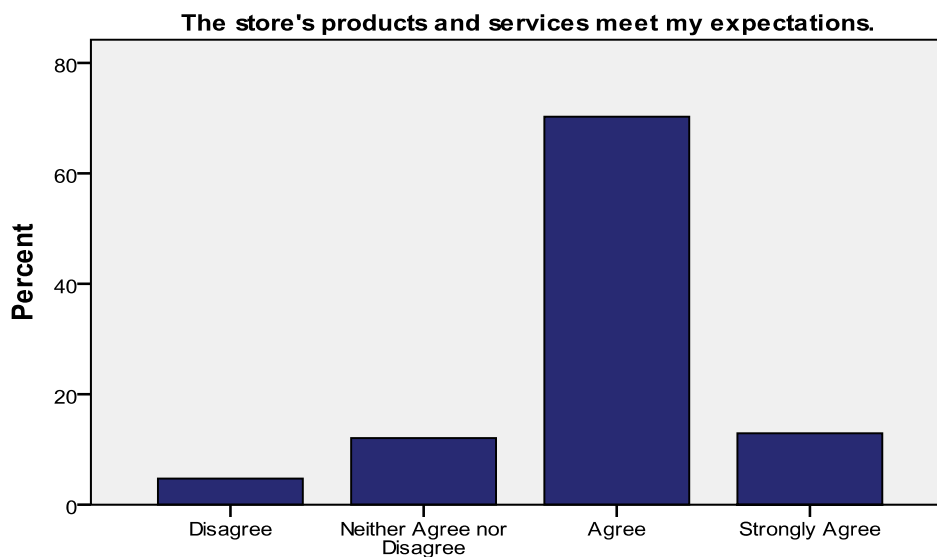
4.5 Findings for Customer Satisfaction

The level of customer satisfaction was measured under five key headings:

4.5.1 Products/services meet expectations

In measuring respondents' satisfaction level in terms of the store's products/services meeting their expectations; the research findings shows that 70.3% of respondents agreed to being satisfied, 12.9% strongly agreed, 12.1% were neutral while only 4.7% disagreed (Fig. 11).

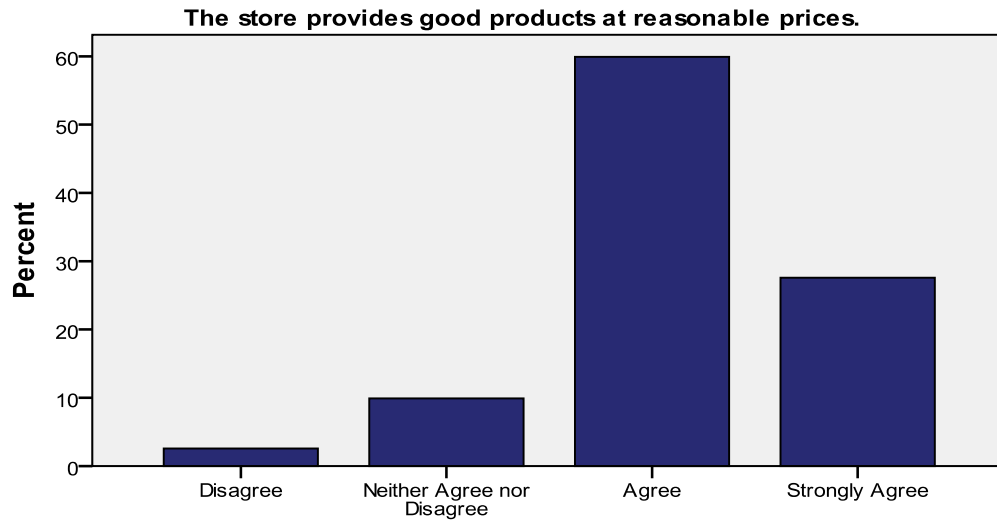
Figure 11



4.5.2 Product/service price

Respondents' reactions to the prices of product/service offerings indicated that 59.9% and 27.6% (a total of 87.5%) agreed and strongly agreed respectively that prices are reasonable, while only 2.6% disagreed (Fig. 12). Findings from the interview also indicated that the store has a strong and favourable pricing stance to its customers.

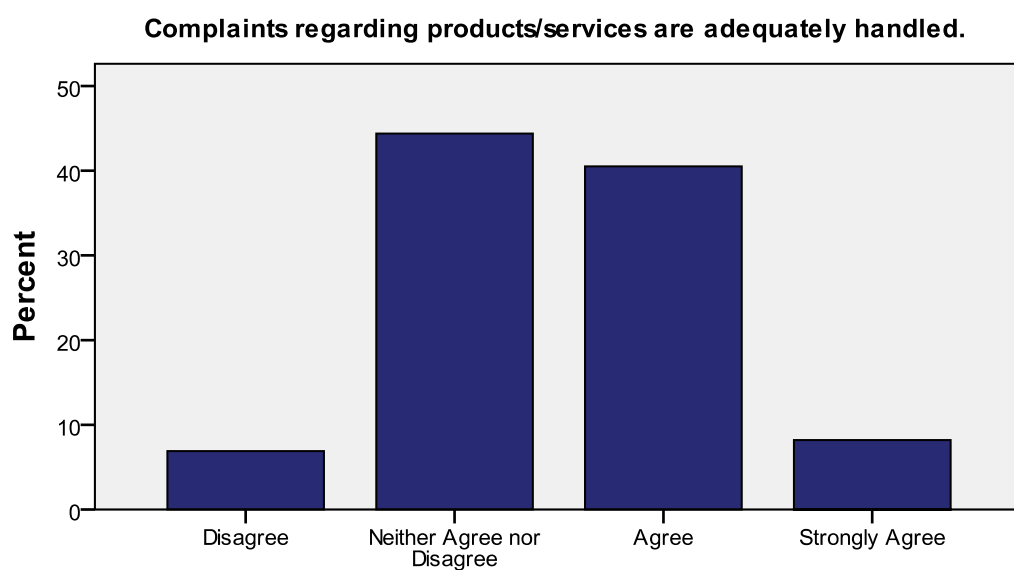
Figure 12



4.5.3 Complaint handling

Results obtained from the research shows that 40.5% of respondents agreed, while 8.2% strongly agreed that complaints regarding products/services were adequately handled. Only 6.9% of the respondents disagreed, while 44.4% of the respondents neither agreed nor disagreed (Fig. 13). Interview results also showed that participants were of the opinion that products/service failures are well managed effectively to a large extent.

Figure 13



4.5.4 Shopping experience

Results obtained from the research shows that 66.4% of respondents agreed, while 17.7% strongly agreed that they were pleased with their shopping experience in the store. Interestingly, no respondent strongly disagreed, while only 3% disagreed (Fig. 19). Interview results indicated that most participants were also pleased with their shopping experience in the store with the exception of four participants who indicated their unhappiness.

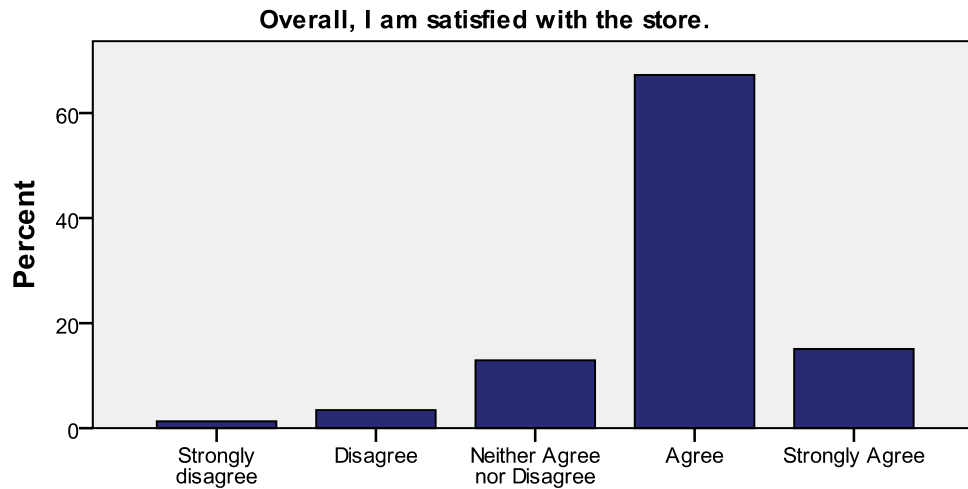
Figure 14



4.5.5 Overall satisfaction

Majority of the respondents (67.2%) agreed that overall, they were satisfied with the store, while 15.1% strongly agreed. A total of 3.4% stated that overall; they were satisfied while 1.3% showed a strong indication of not satisfied with the store (Fig. 15). The high percentage (82.3%) of the total respondents who were overall satisfied (agreed and strongly agreed) with store; corresponded with the findings from the interview whereby majority of the participants (twenty-two) indicated overall satisfaction with products/services offered.

Figure 15



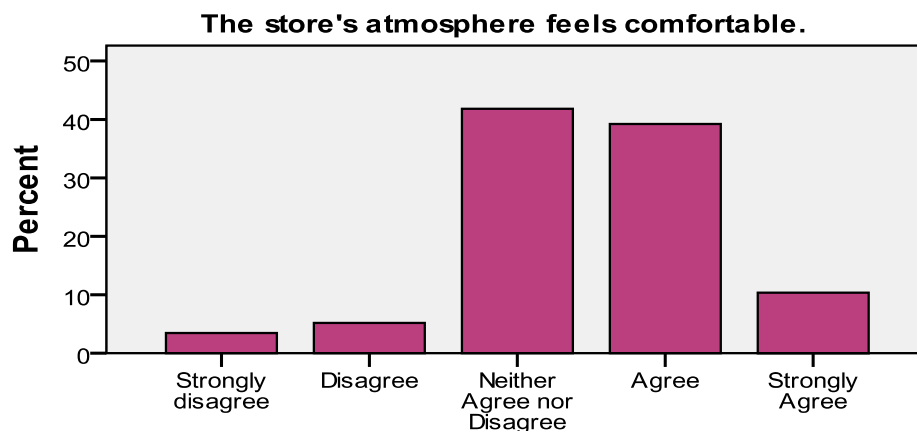
4.6 Findings for the Store Image

Respondents' perception of the store's image was measured under five headings:

4.6.1 The store's atmosphere

The indication from the interview is that the majority (19 participants) felt that whilst the store's atmosphere was not totally bad, it was not totally comfortable either. The survey shows that majority of the respondents (41.8%) neither agreed nor disagreed that the atmosphere was comfortable. Although 3.4% and 5.2% strongly disagreed and disagreed respectively, 39.2% agreed, while 10.3% strongly agreed. However, the total of respondents that agreed (49.5%) was still less than half of the whole respondents (Fig. 16).

Figure 16



4.6.2 Value of merchandise offered

Findings from the research shows that 17.7% of respondent strongly agreed that the store offers great merchandise; 58.6% agreed, while 18.5% neither agreed nor disagreed. Only 4.3% and 0.9% indicated that they disagreed and strong disagreed respectively (Fig. 17). In line with findings from the survey, almost all the interview participants had high positive comment about the various merchandise offered.

Figure 17



4.6.3 Products/service guarantee

There were mixed views from interview participants when asked if the store guarantees its products/services. A set of participants indicated that products/services were not guaranteed; another set disagreed; while the others indicated that they were unsure. The survey findings, however shows that 1.7% and 5.6% of the respondents strongly disagreed and disagreed respectively that the store guarantees its products/services. However, 51.3% of the respondents agreed, 15.5% strongly agreed while the remaining 25.9% neither agreed nor disagreed (Fig. 18).

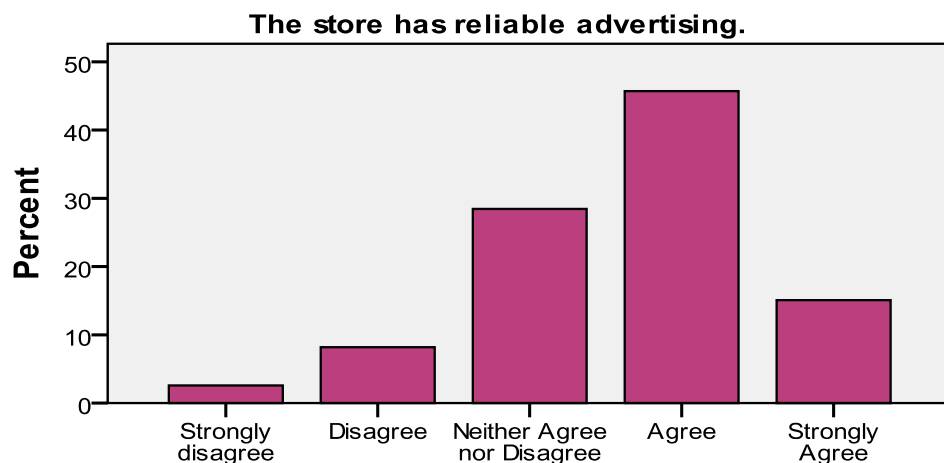
Figure 18



4.6.4 Reliability of store's advertisements

Results obtained from the research shows that 45.7% of respondents agreed, while 15.1% strongly agreed that the store's advertisements were reliable. 8.2% of the respondents disagreed, 2.6% strongly disagreed, while 28.4% of the respondents neither agreed nor disagreed (Fig. 19). Interview results however indicated that most participants that they were unsure of the reliability of the store's advertising.

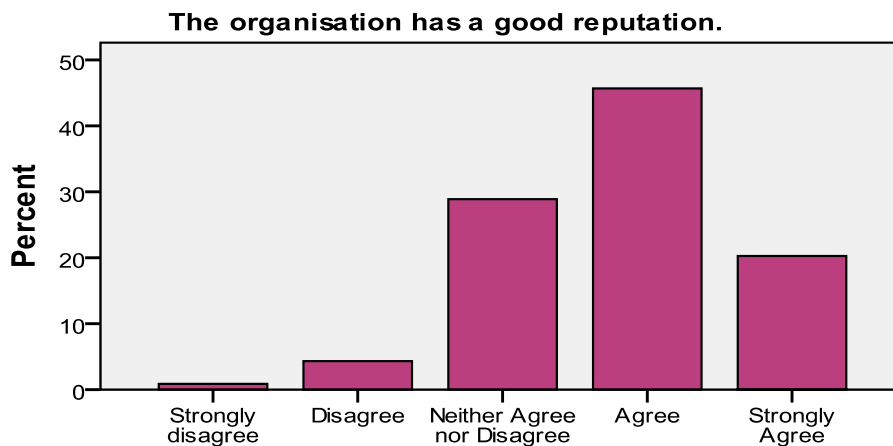
Figure 19



4.6.5 Overall reputation

Findings from the research, shows that 20.3% of respondent strongly agreed that the organisation has a good reputation; 45.7% agreed, while 28.9% neither agreed nor disagreed. Only 4.3% disagreed while 0.9% indicated that they strong disagreed to the organisation having a good reputation (Fig. 20). In the interview result shows a mixed review on the part of participant. While most participants were of the opinion that the store had a good reputation, they however indicated that the reputation can be classified as a little above average.

Figure 20



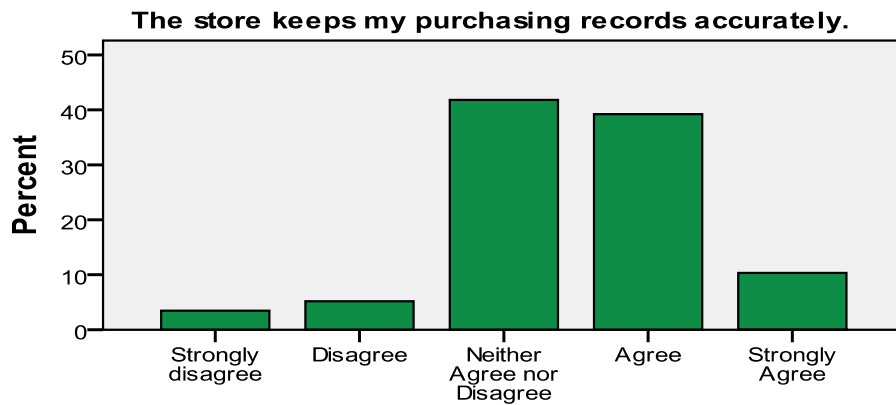
4.7 Findings for Customer Relationship Management

Considering factors like customer service and employees' attitudes, the degree of CRM was measured under five headings:

4.7.1 Accurate record keeping

A vast majority of the interview participants were of the opinion that the store does not keep customers' records. Interestingly from the survey however, whilst 39.2% of the respondents agreed that records were accurately kept, majority of the respondents (41.8%) were uncertain (Fig. 21).

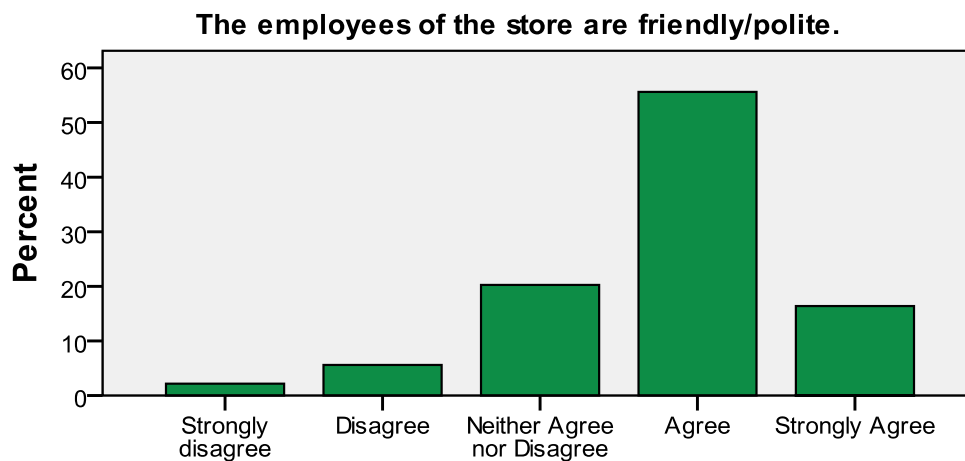
Figure 21



4.7.2 Employees are polite/friendly

The result shows that 16.4% of respondent strongly agreed that employees of the store are friendly and polite; 55.6% also agreed (a total of 72%), while 20.3% neither agreed nor disagreed. Only 5.6% disagreed while 2.2% indicated that they strong disagreed (Fig. 22). Also, from the interviews with the exception of a few, it was also evident that participants thought the employees were polite and friendly.

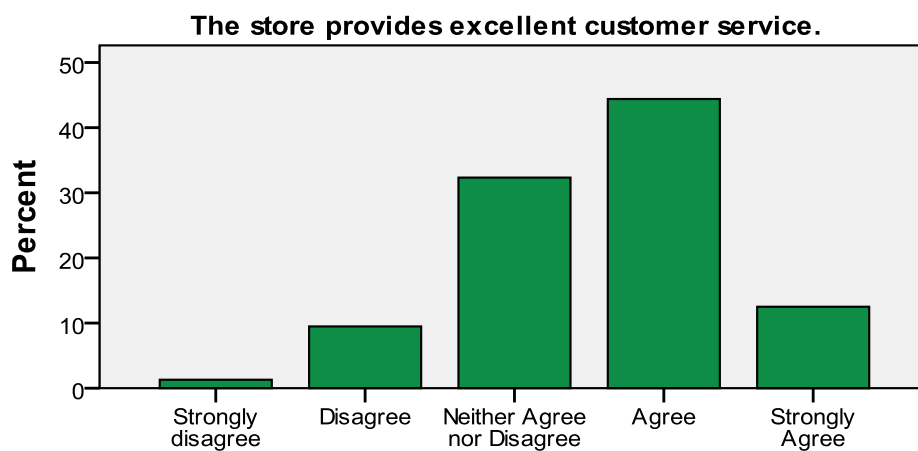
Figure 22



4.7.3 Customer Service

Despite the high number of respondents indicating that employees were friendly and polite (Fig. 22), 32.3% of respondents neither agreed nor disagreed that the customer service provided by the store can be described as excellent. However, 12.5% of respondents strongly agreed; 44.4% agreed; 9.5% disagreed while only 1.3% indicated that they strong disagreed (Fig. 23). The interview responses also supported the survey findings that the customer service provided by the store cannot be termed excellent.

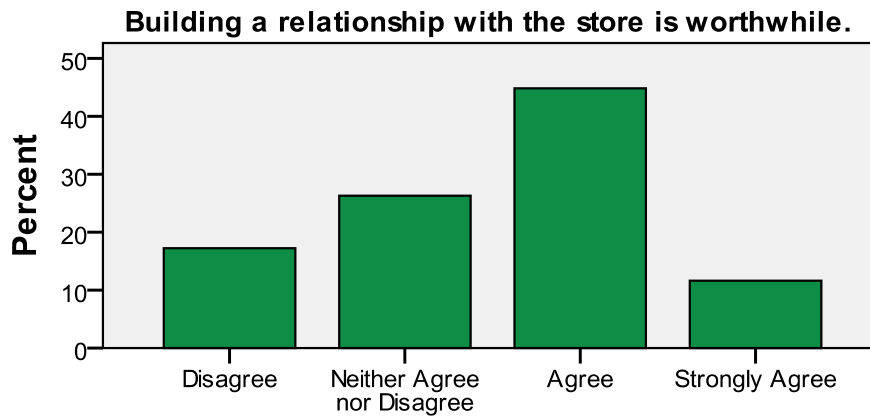
Figure 23



4.7.4 Developing relationship

Whilst it is encouraging that no respondent strongly disagreed that building a relationship with the store is worthwhile, 17.2% of the respondents disagreed, while 26.3% neither agreed nor disagreed. 44.8% and 11.6% agreed and strongly agreed respectively that building a relationship with the store is worthwhile (Fig. 24). The interview result however shows that respondents' attitudes and opinions towards developing relationship with the store were predominantly cynical.

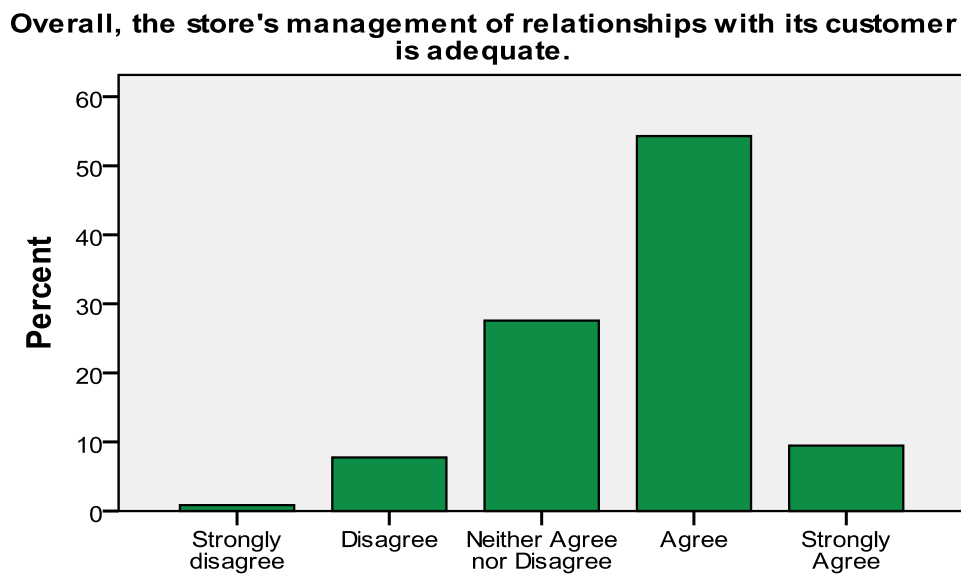
Figure 24



4.7.5 Overall relationship management

The research findings, shows that 0.9% and 7.8% of the respondents strongly disagreed and disagreed respectively that the overall management of relationship is adequate. However, 54.3% of the respondents agreed, 9.5% strongly agreed while the remaining 27.6% were uncertain (Fig. 25). Contrary to the survey findings, the majority of the interview responses (twenty-four participants) indicated that the overall relationship management of the store was poor. According to the responses, the aspect of relationship management is where the store really lacks behind the most.

Figure 25



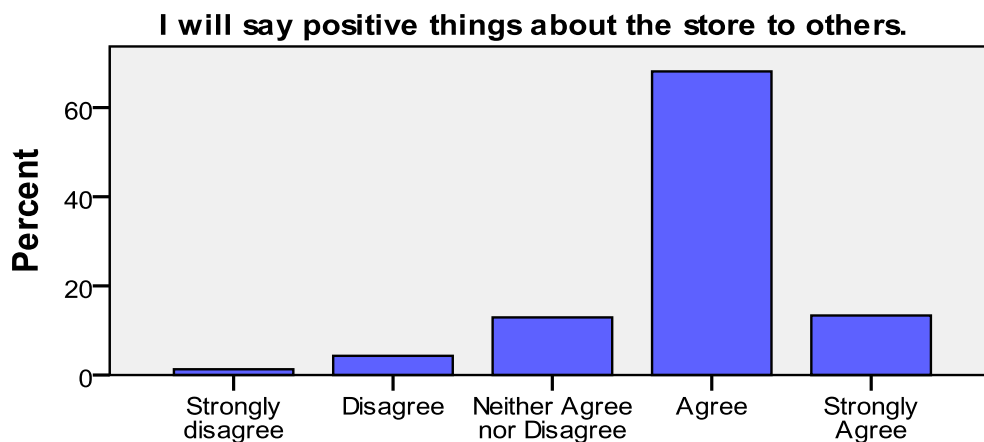
4.8 Customer Loyalty

In order to better capture the type and level of loyalty obtainable from the store, customer loyalty was measured under five headings:

4.8.1 Positive word of mouth

Most of the interview participants indicated a strong willingness to say positive things about the store based on the accumulated experiences. In line with the interview responses, findings obtained from the questionnaires showed that 13.4% of respondents strongly agreed that they will say positive things about the store to others; 68.1% agreed, while 12.9% neither agreed nor disagreed. Only 4.3% disagreed while 1.3% indicated that they strongly disagreed (Fig. 26).

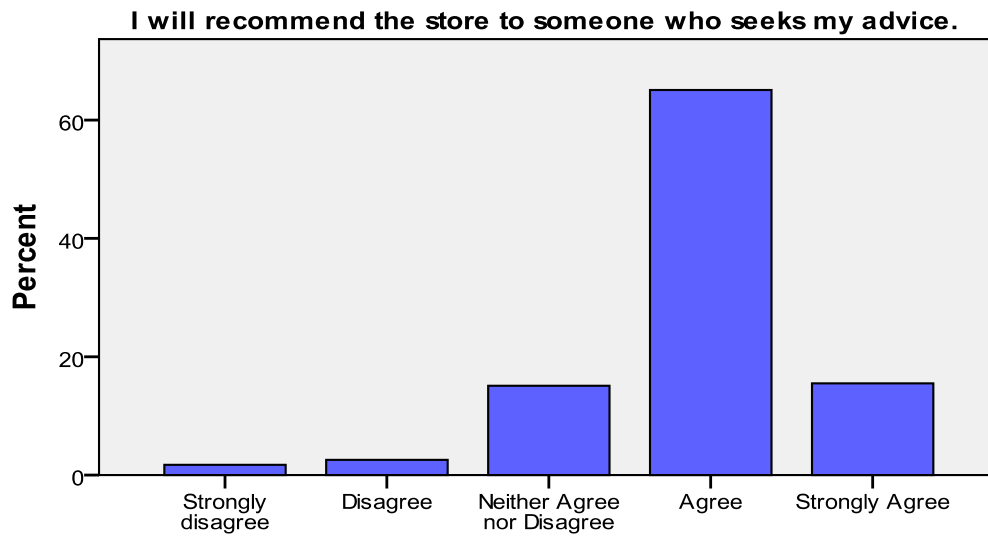
Figure 26



4.8.2 Recommendation

When asked if they would recommend the store to people who seek their advice, 1.7% and 2.6% of the respondents strongly disagreed and disagreed respectively. However, 65.1% of the respondents agreed while 15.5% strongly agreed (a total of 80.6%). The remaining 15.5% neither agreed nor disagreed (Fig. 27). According to interview results, most of the decision to recommend the store to people was based on the obligatory feeling to return the favour of people who had recommended the store to them.

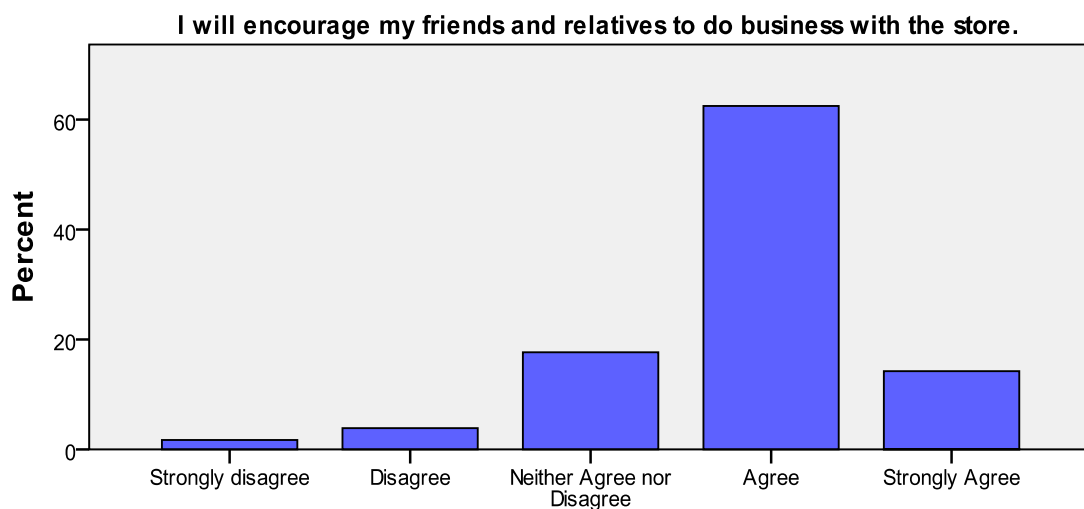
Figure 27



4.8.3 Encouraging family and friends

Interestingly, despite the interview results showing that more than half of the participants claimed to have had a couple of bad experiences with the store, they however indicated willingness to encourage their family and friends to shop in the store. Findings from the questionnaire survey corresponded with the interview results. 14.2% of respondent strongly agreed that they will encourage their friends and relatives to do business with the store; 62.5% agreed, while 17.7% neither agreed nor disagreed. Only 3.9% disagreed while 1.7% indicated that they strong disagreed (Fig. 28).

Figure 28



4.8.4 Choice of purchase

Results obtained from the survey shows that only 48.8% of respondents agreed, while 13.8% strongly agreed that they consider the store as their first choice of purchases. 10.8% of the respondents disagreed, 2.2% strongly disagreed, while 25% of the respondents neither agreed nor disagreed (Fig. 29). The interview result shows that the majority of participants did not consider the store as a first choice for purchase in relation to their overall shopping.

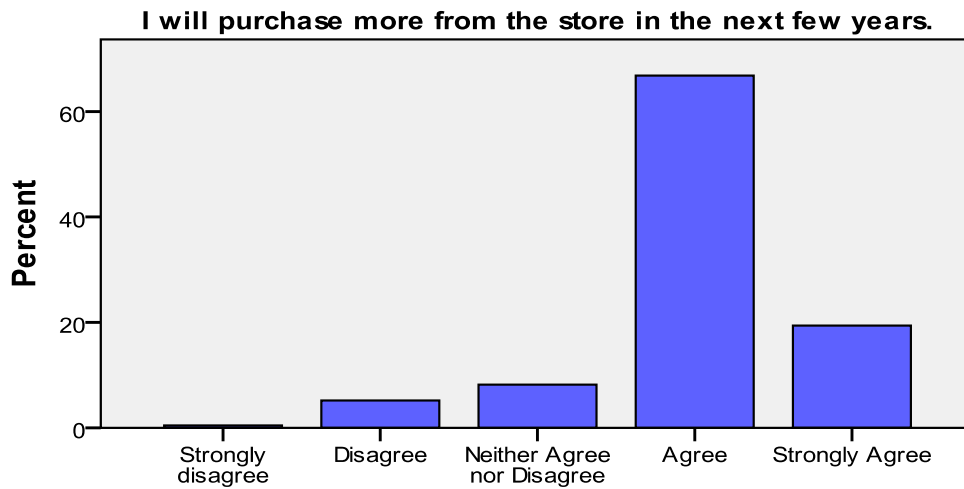
Figure 29



4.8.5 Repeat purchases

Overall, measuring loyalty with respect to future purchases, interview result shows that twenty-seven of the thirty participants indicated intentions to making future purchases from the store. From the survey, 19.4% and 66.8% of respondents (a total of 86.2%) strongly agreed and agreed respectively; while 0.4% strongly disagreed and 5.2% disagreed (a total of 5.6%).

Figure 30



4.9 Summary

This Chapter presented data derived from both the semi-structured interviews and the administered questionnaires as indicated in the research methodology (Chapter 3). For clarity purpose, these findings were grouped under five key areas: customer loyalty, customer satisfaction, service quality, store image and customer relationship management that have been reviewed in the literature (Chapter 2). The following Chapter will critically analyse each of these findings with respect to the key research objectives previously identified.

Chapter 5 Analysis of Findings, Implications and Conclusion

5.1 Introduction

This chapter analyses the research findings presented in Chapter 4 with respect to the research objectives identified in Chapter 1. The chapter critically analysed the adopted methodology, provided an overall conclusion for the research topic and research project. Finally, the limitation of the study as well as opportunities for further research were identified

5.2 Critique of the adopted approach

The research methodology used for the study has been detailed in Chapter 3 with reference to their justifications and limitations. However, the research methods are critically evaluated in line with the degree of success and failure of each.

5.2.1 Semi-structure interviews

The semi-structured interviews were used to collect qualitative data to triangulate the quantitative data collected from the questionnaire. The participants were provided with information prior to the interview to maximise responses. Although the interviews provided relevant information, they were considerable short and time consuming considering the time spent convincing participants that the interview will be short. Furthermore, it took the researcher considerable time and effort taking interview notes.

5.2.2 Self-completion questionnaire

The self-completed questionnaire was designed using data derived from the semi-structured interviews as well as adapted questions from previous researches (Yang & Peterson, 2004; Yi & La, 2004; Lewis & Soureli, 2006). The idea of using the questionnaire was to get customers with actual shopping experience in the store. Although the in-store manual distribution of the questionnaires enhanced the response rate of 92.8% which could be considered as successful; it may have affected the data collected because some customers may not have had enough time to think about their responses. However, had they been sent by mail or electronically, it would have allowed respondents more time to think about their responses but at the same time more costs would have been incurred by the researcher.

5.2.3 Sampling option

Due to the store not having a database of its customers from where the sample could be picked from, the simple random probability sampling of shoppers was adopted. Although the sampling option was good because it enabled the elimination of bias and the possibility to generalise from the results; the research was however limited because there were no other sampling options to consider from.

5.3 Analysis of findings for each research aim

The findings of the study presented in Chapter 4 are analysed under the four research objectives below:

5.3.1 Research objective 1: To understand the concept of customer loyalty.

From the study carried out, it can be concluded that Sports Direct Unit 6 has a low behavioural loyalty from its customers. Behavioural loyalty which is a customer's overt behaviour toward a specific product/service in terms of repeat purchasing patterns is determined by actual purchase frequency (Back & Parks, 2003; Ball, Coelho & Machas, 2004). Result of findings presented in Chapter 4 shows that 60.8% of customers frequent the store less than once a week; while only 30.2% shop 1-2 times weekly (Fig. 5). Also, customers' indication that the store is not their first choice for purchases in the both the interviews and survey (Fig. 29), further reinforces the fact that behavioural loyalty is low among the store's customers. From the study, it can be deduced that the low behavioural loyalty is as a result of three key issues- the business scope of the store, the quality of service rendered and the store's CRM. A high percentage of responses held that the fact that the store is mostly sports inclined accountable for their low behavioural loyalty. It was indicated that the store's scope is mostly limited to sports clothing and equipments; compared to other clothing stores that sell a variety of clothing. The other two reasons will be further discussed later in the chapter.

However, it is evident that customers on the other hand have a high attitudinal loyalty towards the store, which is characterized by the willingness to recommend friends and intention to continue to patronize (Zeithaml, 2000; Chaudhuri & Holbrook, 2001; Doherty, & Nelson, 2008). The study showed that an overall total of a total of 81.5% agreed to say positive things about the store (Fig. 26); a total of 80.6% were willing to recommend the

store to others (Fig. 27); a total of 76.7% were willing to encourage family and friends to shop at the store (Fig. 28); while 86.2% of the respondents would consider making future purchases (Fig. 30).

With a low behavioural loyalty (low frequency of patronage), and high attitudinal loyalty (positive word of mouth, recommendation, intention of future patronage), it is evident that the store to a large extent has a situation of latent loyalty (Dick & Basu, 1994; Baloglu, 2002; Rowley, 2005). However, some of the respondents can be characterised as truly loyal, since they appear willing to provide good referrals about the store to others; patronise the store more frequently; and would consider the store as their main choice for future purchases (Kumar & Shah, 2004).

The four phases of loyalty identified by Oliver (as cited by Harris & Goode, 2004) are evident in the study. Majority of the respondents are in the conative phase, showing strong commitments and the intentions to repurchase and recommend (Han & Back, 2008). However, very few of the respondents are actually in the action phase in which motivated intention is transformed into readiness to act (Yi & La, 2004). Some respondents are in the affective phase because they have a favourable attitude towards the store and its products/services (Back & Parks, 2003; Pelsmacker et al. 2007 p. 74); while others seem to be loyal due to the prices and the quality of products obtainable in the store and are therefore in the cognitive phase of loyalty (Yang & Peterson, 2004; Evanschitzky & Wunderlich, 2006; Lewis & Soureli, 2006). Overall, it would seem that customers tend to be loyal, but the actual repeat purchases are low.

5.3.2 Research objective 2: To understand customer satisfaction as an antecedent of customer loyalty.

In measuring respondents' satisfaction level in terms of the store's products/services meeting their expectations; the research findings shows that 83.2% of respondents agreed to being satisfied, 4.7% disagreed, while no one strongly (Fig. 11). The indication of satisfaction based on respondents' expectation supports Antón et al., (2007) and Daffy, (2001 p. 44) definitions of customer satisfaction; as well as the argument that customers evaluate products/services, in terms of their ability to meet their needs and expectations (Hoots, 2005; Lindquist, 2006; Gelb & McKeever, 2006; Mascarenhas et al., 2006).

However with the low level of behavioural loyalty, it is apparent that there is need for the store to not only meet customers' needs, but exceed their expectations (Gómez et al., 2004; Doherty & Nelson, 2008) in order to prevent customers' withdrawal. The research findings show that the organisation has a strong and favourable pricing stance to its customers (Fig. 12), which is attributable to the organisation having good business contracts with brands due to large volume of purchases they make from various brands to service over 470 stores. This means that the organisation will be able to buy at cheaper rates and can therefore afford to sell at prices below competitors and still make profits.

Findings from the research show that a total of 82.3% (Fig. 6) of respondents agreed that the store offered consistent quality products/services, and the same total percentage of respondents indicated their overall satisfaction with the store. This finding is in line with results from previous studies that service quality has a positive effect on satisfaction (Yang & Peterson, 2004; Seth et al., 2005; Cristobal et al., 2007; Torres-Moraga et al., 2008). However, both the interview responses and the survey indicated that services in the store were not performed right the first time (Fig. 8).

Grönroos (2007 p. 73) conceptualisation of the quality of products/services from two dimensions: the technical quality (what is delivered to the consumer) and the functional quality (how it is delivered) as important in customers' evaluation of quality was therefore evident in the research. Result obtained from the study shows that although respondents considered the products/services of good quality (technical quality); they however had some problems with the way they were being delivered (functional quality).

Furthermore, results obtained from the study showed that despite services were not performed right at the first time; the store was able to effectively manage products/service failures to a large extent to create overall satisfaction. This finding therefore backs up the argument that although it is important for an organisation to manage service quality well, it is however essential for it to manage service failures even better because complaint handling has a significant effect on customers perception. Therefore, effective customer complaint handling is imperative (Homburg & Fürst, 2005; Mascarenhas et al., 2006; Grönroos, 2007 p. 112 – 126; Gee et al., 2008).

Findings from the research tend to contradict the motion that satisfied customers may not buy more from the organisation or recommend it to their friends (Olsen, 2002; Yi & La, 2004; Cook, 2008 p.119). On the other hand, findings support the argument that the relationship between satisfaction and loyalty is moderated by various factors such as age, income, lifestyle and variety seeking (Homburg & Giering, 2001); and that some satisfied customers may frequently switch stores (Doherty & Nelson, 2008).

Majority of the respondents (82.3%) agreed that overall, they were satisfied with the store (Fig. 15). The high percentage of the total respondents who were overall satisfied with respect to the 86.2% of respondents (Fig. 30) who were willing to make future purchases supports Rowley's (2005) that overall, satisfied customers tend to be loyal customers (Rowley, 2005). However, it was evident that some satisfied customers frequently switch stores; which confirms Doherty and Nelson (2008) argument (Fig. 5).

5.3.3 Research objective 3: To understand the importance of customer relationship management in building customer loyalty.

According to Kumar and Shah 2004, attitudinal loyalty often results as an outcome of a long fruitful relationship between the organisation and the customers over time. In contrast however, the study shows that the store has not built adequate relationships with its customers, yet, it has a high level of attitudinal loyalty (Fig. 26, Fig. 27, Fig. 28, Fig. 30). Findings from the research shows that the store has not made relationship visible and meaningful enough for its customers as suggested by Grönroos (2007 p. 23). The vast majority of respondents were uncertain as to whether or not the store keeps their purchasing records accurately (Fig. 21), while majority of the interview participants were of the opinion that the store does not keep customers' records. It was highlighted that if the store does, the quality of service would have been much better than what is obtainable. According to the findings, the store does not maintain a customer database. This makes the store miss out of benefits such as: ability to track customer buying patterns and better understand customer motives; minimizes communication errors and breakdowns with customers; ability to target marketing efforts only to prospects likely to be interested thereby reducing costs; and increase customer awareness/loyalty (Dato-on, Joyce &

Manolis, 2006; Jobber, 2004 p. 510; Kotler & Armstrong, 2006 p. 507; Pickton & Broderick, 2005 p. 321; Kotler et al., 2009 p. 179).

Furthermore, findings from the research shows that although 72% of respondent agreed that employees of the store were friendly/polite (Fig. 22), however 32.2% of the respondents indicated that they were uncertain when asked if the store provided excellent customer service (Fig. 23). Moreso, while 44.8% agreed and 26.3% of the respondents neither agreed nor disagreed (Fig. 24) that developing a relationship with the store was worthwhile, the interview participants attitudes and opinions were predominantly cynical. In measuring the overall store's management of relationships however, 54.3% of the respondents agreed to it being adequate while 27.6% were uncertain (Fig. 25).

The study indicated that various aspects of the store's image (such as store atmosphere, value of merchandise offered etc.) were also considered important determinant of customer-organisation relationships as indicated by previous research (D'Astous & Lévesque, 2003; Lewis & Soureli, 2006). This supports the argument that the image of a store can indirectly influence customers' attitudes and behaviours toward the organisation; and an effect on customer loyalty (O'Cass & Grace, 2008; Hsieh & Li, 2008). Overall, from the study, CRM scored the least (was seen as the poorest aspect of the store) from respondents. It shows that customer relationships is yet to cultivated and managed in a manner that leads to customer loyalty as suggested by Duffy (2003).

5.4 Overall conclusion about the research question

Loyalty is not a one-step process, but a long process consisting of many sequential steps that can move upwards or downwards, depending upon the impact of the customers' experiences (Mascarenhas et al., 2006). Findings from the study indicates that loyalty is a multidimensional construct (attitudinal and behavioural) as suggested by several researchers (Back & Parks, 2003; Kumar & Shah, 2004; Bell et al., 2005; Terblanche & Boshoff, 2006; Dean, 2007). The study supports Oliver's assertion (as cited by Back & Parks, 2003; Harris & Goode, 2004) that loyalty goes through different phases from cognitive loyalty to action loyalty (Olsen, 2007). It also supports Dick and Basu (1994)

argue that there are four levels of loyalty which are determined by the strength of the relationship between relative attitude and repeat patronage.

The study confirms results of several studies (Szymanski & Henard, 2001; Buttle & Burton, 2001; Yang & Peterson, 2004; Olsen, 2007; Vásquez-Parraga et al., 2008) that there is a positive relationship between satisfaction and loyalty. In contrast to the doubts some managerial writers have about the effect of that customer satisfaction on customer loyalty (Daffy, 2001 p. 29; Olsen, 2002; Matzler et al., 2007; Cook, 2008 p.119); the study clearly indicate that increasing customer satisfaction leads to increasing customer loyalty (Homburg & Giering, 2001; Yang & Peterson, 2004; Wallace et al., 2004). However, the study also supports the argument that satisfaction is not the only important antecedent in the formation of loyalty (Mittal & Kamakura, 2001; Szymanski & Henard, 2001; Olsen, 2007).

Furthermore, the study supports the argument that ensuring quality products/services is a good starting point for providing satisfaction and generating loyalty (Hess et al., 2003; Yang & Peterson, 2004; Seth et al., 2005; Cristobal et al., 2007; Torres-Moraga et al., 2008). Findings from the research also supports the argument that complaint handling has a significant effect on customers' perception (Grönroos 2007 p. 126); and a strong effect on customer loyalty (Homburg & Fürst, 2005).

Moreover, the study indicated that the projection of an overall positive image is critical in building and maintaining relationships with customers (Lewis & Soureli, 2006). The study supports arguments that CRM is one of the antecedents of customer loyalty and is one of the only sure forms of sustainable competitive advantage (Pfeifer & Farris, 2004; Noble & Phillips, 2004; Nguyen et al., 2007; Grönroos, 2007 p. 434). Finding from the study indicated that for CRM strategies to achieve any measure of success, customers must feel that they are somehow rewarded for their participation in the process (Hennig-Thurau, Gwinner & Gremler, 2002; Noble & Phillips, 2004; McMullan & Gilmore, 2008). In conclusion, it is evident in the study that lasting customer loyalty requires but demand more than strong customer satisfaction and CRM (Mascarenhas, Kesavan & Bernacchi, 2006).

5.5 Overall conclusion about the research project

The research project has been an avenue to gain insight into the subject matter of customer loyalty. The study was carried out with the objective of contributing to the existing body of knowledge. Through each of the chapters, the research project is broken to various sub-aspects that contributed to the research as a whole to enable better understanding.

5.6 Limitation of the Study

The results of this study need to be viewed in the light of its limitations. Although as much as possible, the study employed the use primary data, there were however instances where secondary data had to be relied on due to unavailability of primary data. This is considered a limitation of the study because the researcher has no knowledge of how the data were collected, nor have any control over it.

Another limitation is that the self-completion questionnaires used for collecting data were given to the respondents to complete and return immediately. This may have not given some respondents adequate time to think about what they want to answer in the process of hastily filling the questionnaires. Also, with respect to sampling, respondents were limited to those customers who shop in the store, and were willing to be interviewed.

Due to time, costs and other resource constraints, the study limited itself to only one store of Sports Direct, out of the over 450 stores of the organisation. In the same vain, only two major antecedents of customer loyalty (customer satisfaction and customer relationship management) were considered in the study. Considering more than one store and other antecedents of customer loyalty such as perceived value and failure recovery; may have made the research more robust/insightful and allowed a better generalisation of results.

5.7 Opportunities for further research

This study stands as a foundation for future studies. The research indicated that customers may like the quality of the products but still not buy them frequently due to different reasons. Further research can be conducted to shed light on the different motivational reasons that contribute/affect customers' consumption decisions of products/services (Olsen, 2007). Findings from the research shows that both employees and customers alike

feel there is need for the organisation create avenues for input of opinions, suggestions and feedback. Further research can therefore be carried out to identify the impact of suggestion schemes as a motivator to increased customer and employee loyalty.

In the study, it was apparent that customers were not interested in building relationship with the store because they perceived it held no value for them. Future research can focus on how 'perceived value' influences customer loyalty (Yang & Peterson, 2004). Also, the research indicated that the image of the store does have an effect on the store-customers relationship. Store image can further be researched to determine the degree at which it affects store-customer relationships.

Finally, a mixed approach was adopted for this study. Future research can be conducted on the same study using a different approach (eg. solely quantitative or qualitative) to better gain insight on the subject area. Also, since no financial data was used to relate loyalty to profitability, further research can apply financial data to the study to make it more comprehensive.

Chapter 6 Recommendations

In addressing the fourth research objective the following recommendations are suggested:

6.1 Reviewing the recruitment and selection process

The indication that employees were ready to serve customers, but were not getting things done properly suggests that the store to a large extent does not have the right workforce. In other words, there is a problem with the recruitment and selection process of the organisation. The recruitment and selection process is concerned with identifying, attracting and choosing suitable people to meet an organisation's human resource requirements (Beardwell, Holden & Claydon, 2004 p.190). There is the need for the store to recruit people with experience who will be able to contribute towards achieving the store's set goals. Having the right workforce can also be a source of competitive advantage. It is therefore recommended that the recruitment and selection process of the organisation should be reviewed to ensure that only people with appropriate skills, abilities, knowledge and experience are selected to fill jobs in the organisation. For this to happen, the human resource department must ensure there is adequate human resource planning, which begins with the analysis of the store's needs in order to carry out adequate job analysis. The job analysis will in turn enable appropriate job and person specifications in identifying and selecting the right people for jobs and in the right quantity. This will save the organisation a lot of time and resources spent during induction of employees with no experience or idea at all, compared with employees with some sort of experience. It will also help in improving the quality of service offered in the store.

6.2 Training and development

Employees not getting things done properly also shows that they lack in-depth knowledge about the products/services offered by the store and how things should be done. This points to inadequate training and development in the organisation. The research therefore recommends that the store invests in the continuous training and development of its staff irrespective of their position/level in the organisation, or whether they work part-time or full time, in order to improve the overall functional quality of services which was found lacking in the research. On the job training such as coaching, delegation, job rotation and participation should be employed to enhance employees' knowledge and skills. The use of

job rotation whereby employees will be moved from one task to another is considered ideal for staff training and development. For instance, a staff can be made to serve in the footwear section for a week, then moved to serving on tills the following week, and to serving in the equipments or clothing sections in the subsequent week. Through diversifying the employees' activities, they will be able to learn and develop a variety of appropriate skills which will make them have an overall robust knowledge about the products/services of the organization; and help improve how they serve customers. Alternatively, jobs can be enlarged horizontally or enriched to enable on the job training and development. In the case of horizontally enlarging jobs for instance, employees serving on only children's clothing can have their jobs enlarged to include serving in the adults' clothing departments. On the other hand also, jobs can be enriched as a source of employee training and development by increasing the vertical scope of jobs to give employees additional responsibilities and some authority. For example, shop-floor employees can be asked to order stock from the head-office and monitor deliveries to ensure that products ordered are delivered in the right quantities under the supervision of a more experienced employee. Furthermore, some off the job training such as role playing, simulation and case studies can also be used in the training and development of employees. Training and development is considered important and recommended to the organisation (most especially on the job training) because employees will be able to learn and acquire relevant knowledge and skills by actually doing their jobs. Also, it will help the organisation identify the weak points of employees and address skill problems. Moreover, it will lead to a high quality of customer service and the continuous improvement of products/services quality whereby employees equipped with adequate information and skills will be able to better understand customers more thoroughly. Finally, irrespective of the type of training and development programme adopted, it is suggested that the organisation must ensure it continuously reviews the training and development in the organisation to ensure that they are meeting the current training needs while anticipating the future needs.

6.3 Suggestion and feedback schemes

The research recommends that the organisation should promote a culture of contribution among its employees and customers through the adoption of suggestion and feedback schemes due to evidence in the research indicating that both employees and customers were of the opinion that the organisation does not give room for feedback and suggestions. A

well designed and managed suggestion/feedback scheme that is imbibed into the organisation's policies and processes will save the organisation time and resources. The valuable feedback/suggestions received will help the store to know specifically what it is or is not doing right (whether or not the products and services are satisfactory), and help focus its attention on improving such areas rather doing a guess work. It will also help the store identify and understand the situational factors (such as the lack of adequate relationship as identified by the current research) making the customer loyalty latent in nature; and thereby enable the devising of appropriate strategies to help combat them. Seeking out both employee and customer opinion will help improve the organisation's image- that it cares about its internal and external customers; and can also induce a sense of satisfaction for both employees and customers. The suggestion/feedback schemes will contribute to organisational success by promoting and supporting innovation and change; while facilitating a sense of commitment on the part of employees and customers (cultivating loyalty).

To get adequate feedbacks, the store should ensure it carries out internal (staff) and external (customers) audits; via the use of questionnaires, surveys etc. organised by the store itself, or outsourcing the task to marketing research companies who are professional. It is important to note however that a poor perception of the organisation or management may hinder employees and customers' willingness to contribute ideas. Issues such as approachability, supportiveness, effective communication and respect for both staff and customers is crucial (Bassett-Jones & Lloyd, 2005). It is therefore very important that management recognise and reward the inputs/contributions of both employees and customers. Employees/customers seeing other people's ideas being implemented and rewarded can provide encouragement for more valuable contributions.

Furthermore, in order to cut cost, it is suggested that the organisation can simply makes use of suggestion/feedback boxes in the store. These well labeled boxes can be place at the entrance of the store and by the tills where customers and employees can drop their written suggestions and feedbacks about how well the products and services have met their requirements and areas for improvements whenever they come into the store. Periodically, these boxes will be emptied and suggestions/feedbacks will be reviews and appropriate actions will be taken. Although realistically, the organisation will not be able to implement

all suggestions, it is recommended however that adequate action should be quickly taken all times. The feedbacks and suggestions that have been addressed should also be clearly communicated to both the employees and customers in order to make progress visible.

6.4 Improving the store image

It is recommended that the store and the organisation as a whole improves its image which encompasses both its identity and reputation. To improve its image, the organisation must first and foremost clearly define its corporate image in other words- what it stands for. This is because the image as shown in the research either positively or negatively influences customers' decision to make purchases and stay loyal. Once, clearly defined, it is then recommended that the image should be significantly managed and communicated to affect consumers positively. When consumers have a clear knowledge about the organisation (especially what it stands for), risks and uncertainty are reduced and they will purchase more. For example, customers would not be in doubt as to whether or not the organisation guarantees its products/services or if advertisements are reliable. A strong corporate image will therefore help reinforce consumers' decision to choose the organisation over other competitors. Communicating the right corporate image is an important success factor for development. Advertisements for example can speed up the process of image development (Varey, 2002). The organisation should ensure that products/services quality, values etc., are consistently communicated to the public through appropriate avenues. This will enable benefits such as higher level of loyalty both behavioural (repeat purchases) and attitudinal (positive word of mouth) accrue to the organisation, higher price charges for products/services and the attraction of quality employees who would like to work in the organisation due to its high reputation.

It is also recommended that various image and advertisement campaigns should be adequately researched, adopted and targeted at the various customers of the organisation to promote loyalty. For instance, as the research showed that the loyalty of customers were mostly conative and to some degree affective in nature, advertisement strategies should therefore be designed to induce action (purchases), emphasize promotions, and emotions. Such conative strategies may include massive 'sale' signs outside and in the store to encourage customers to make purchases, and other promotional advertisements such as coupons and sweepstakes. Affective strategies such as emotional appeal adverts that are

connected to the products/services' reliability, quality and satisfaction can also be used. For a lasting favourable image, the organisation must continuously review its current public relations and communication process to ensure they are not obsolete by constantly injecting new innovations to keep abreast of situational changes as they occur.

6.5 Increase organisation scope

The research shows that customers are of the view that the store is limited in scope. It is therefore recommended that the store should consider expanding its scope to other non-sports clothing outfits so as to better compete against competitors and to generate greater frequency of repeat purchases. Alongside the top sports brands, it is suggested that the organisation should venture into selling other non-sport brand of casual/non casual outfits and accessories for men, women and children such as jeans, shirts, bags, shoes, corporate wears etc. However, it is important the organisation carries out adequate research to find out what casual brands the customers are interested in before venturing to sell these brands. Also, it is advised that the initial venturing into non-sports brands should be done on a small scale so as to evaluate customers' acceptance of the idea before huge resources are invested with no success attained. The idea is to make the store more robust and enable customers come in more frequently to make purchases rather than coming in only when they have sports inclined needs.

6.6 Maintaining a customer database

Every organisation involves customers with whom they try to build long term relationships with in order to cultivate loyalty. There is no way the store can start any reasonable relationship with its customers if it cannot identify who they are or have relevant information about them- in terms of their names, their activities, their purchasing records etc. It is only when the store has a database of its customers that it can be effectively identify what customers to or not to build relationship with. Moreover, the organisation having a database of its customers is the only way it can adequately monitor its customers as well as anticipate their need and wants. For these reasons and more, it is recommended that the organisation as a whole develop and effectively maintain a database of its customers which at the time of the research did not seem to exist.

Aside the fact that a database of customers will enable the organisation get information about its customers activities, it will also assist the organisation in appropriately measuring the level of loyalty and help in segmenting customers according to their level of loyalty and activities; thereby enabling the organisation to target its resources more to the profitable segments of customers (eliminating the potentials of misallocations of resources). Maintaining a customer database will help the organisation have precise knowledge about its customers which will enable it better serve them (improve the quality of services rendered); enable various products/services to be targeted to meet different customer needs; help in the building of meaningful relationships with customers; as well as enable the organisation enlarge its scope by taking advantage of other beneficial marketing activities such as database marketing and the ease to effectively run loyalty programs.

Equipped with a customer database, the organisation can make its relationship visible to its customers. However, the organisation is strongly advised against the misuse of customer information in the bid of engaging in aggressive marketing that does not respect customers' opinions. This will only succeed in tarnishing the organisation's image and reputation. Customers who have indicated their non interest in having a relationship should be respected. When the organisation is able to make the relationship with other customers visible and add value to them, the customers who were not interested in building a relationship may change their minds when they see the benefits that will be accrued to them.

Finally, it is recommended that the organisation optimally make use of its customer database to efficiently manage relationships across the interfaces of the various stores with the organisation as one whole process. It must ensure it continuously strive to get customer data update regularly as they interact with the organisation. Data should not just be collected, but should be continuously used to learn new things about customers in terms of their activities, their needs and wants; to better anticipate the future and strengthen relationships; as well as used to generate loyalty from different customer segments.

6.7 Investing in loyalty programs

From the study, it was apparent that most customers were not enthusiastic about building relationship with the store because they thought it not worthwhile. Customers need to feel valued and appropriately rewarded for their patronage and positive word of mouth. When fully equipped with an appropriately developed and effectively maintained customer database, it is recommended that the organisation manages customer loyalty by appropriately rewarding customers. The adoption of a loyalty program that create a win-win situation for both the store and its customers is recommended. The organisation must ensure it carries out a thorough analysis of the various loyalty programs options before selecting the most appropriate with considerations given to the reward objectives of the organisation, accruable costs and benefits rather than just adopting a certain loyalty program because of its popularity in the market. The adopted loyalty program must be effectively communicate to customers in terms of how it works, rewards to be gained etc.

Moreso, it is important for the organisation to note that customers will weigh the value obtainable from the loyalty program against associated expenses. If customers do not perceive value being added to them from the loyalty program, there is a high tendency that customer repurchase behaviour will be negatively affected. The loyalty program must therefore be designed to promote the creation of meaningful relationships while adding value and giving customers a sense of belonging. The program should base customer rewards on cumulative purchases to enable the development of repeat purchase behaviours. For example, stating that rewards are not transferable should the customer stop purchasing from the store. Furthermore, the loyalty program should be designed using customer data derivable from the organisation's database in such a way that it rewards customers according to their various levels of loyalty rather than giving all customers the same reward irrespective of their level of loyalty or repurchase. This will not only help develop the repurchase intensity of customers; it will also help prevents the organisation from running an unprofitable loyalty program by giving excessively costly rewards compared to customers' value. Investing in a loyalty program is therefore suggested because it will help enhance customers' trust, affective commitment and attachment to the organisation. Moreover, with customers identifying more strongly with the organisation, there is the likelihood of substantial increase in customers' purchase frequencies.

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Appendices

Appendix 1 Layout of Administered Self-completion Questionnaire

UNIVERSITY OF CHESTER

CHESTER BUSINESS SCHOOL

Dear Respondent,

My name is xxx and I am a Masters student in Business Administration at the Chester Business School- University of Chester, under the supervision of xxx. I am inviting you to participate in a research project in the form of a questionnaire to study the concept of customer loyalty for my MBA dissertation.

My MBA dissertation is entitled “The impact of building customer loyalty as a means for sustaining continuous organization growth in the highly competitive UK retail market”. The aim is to determine how having loyal customers can help organisations sustain growth despite fierce competition. An integral part of the research is to identify how customer satisfaction and customer relationship management contribute towards building a loyal customer base. Some studies suggest that by satisfying customers and managing relationships with them, organisations can get them to be loyal. Through the questionnaires I hope to gain insight into the concept of loyalty and factors that affect/contribute to it.

The questionnaire should take about 5-10 minutes to complete. Completion of the questionnaire is voluntary. Please for confidentiality reasons, do not put your name or address on the questionnaire. If you decide that you no longer want to be involved in this study you are free to withdraw at any time without adverse consequences. If you would like to receive a summary of the results of this research, I am happy to send you a copy. Please feel free to contact me by email on xxxxxxxx with regards to any queries you may have, or my supervisor, by email on xxxxxxxxxx. Thank you for your valuable time.

Yours sincerely

XXXXX

Should you have any concerns about the conduct of this research project, please contact Chester Business School, Parkgate Road, CH1 4BJ. Tel: 01244511800

Introduction:

Please read the following statements and place an 'X' in the box which most accurately reflects how much you agree or disagree with the statements below, based on your shopping experience.

Part 1 Service Quality

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
	1	2	3	4	5
1. The products/services have consistent quality.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The store's facilities are visually appealing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Service in the store is performed right the first time.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The products/services make a good impression on others.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Employees of the store are willing to respond promptly to customers' requests.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 2 Customer Satisfaction

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
	1	2	3	4	5
1. The store's products/services meet my expectations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The store provides good products at reasonable prices.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Complaints regarding products/services are adequately handled.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I am pleased with my shopping experience in the store.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Overall, I am satisfied with the store.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 3 Store Image

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
	1	2	3	4	5
1. The store's atmosphere feels comfortable.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The store offers great merchandise.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The store guarantees its products/services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The store has reliable advertising.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The store has a good reputation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 4 Customer Relationship Management

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
	1	2	3	4	5
1. The store keeps my purchasing records accurately.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The employees of the store are friendly/polite.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The store provides excellent customer service.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Building a relationship with the store is worthwhile.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Overall, the store's management of relationships with its customer is adequate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 5 Customer Loyalty

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
	1	2	3	4	5
1. I will say positive things about the store to others.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I will recommend the store to someone who seeks my advice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I will encourage my friends and relatives to do business with the store.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I will consider the store my first choice for purchases.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I will purchase more from the store in the next few years.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 6 Demographic Information

Please provide the following demographic information and comment where necessary.

1. Gender: Male ☐ Female ☐

2. Age: Below 20 ☐ 20-30 ☐ 31-40 ☐ 41-50 ☐ 51-60 ☐ 61 and above ☐

3. Frequency of shopping in the store per week: Less than 1 ☐ 3-4 times ☐
1-2 times ☐ 5 and above ☐

4. Additional Comments:

Thank you very much for taking part in the survey. Your answers have been very helpful.

Appendix 2

Questionnaire Results

1 Demographic Information

Table 1.1

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	123	53.0	53.0	53.0
	Female	109	47.0	47.0	100.0
	Total	232	100.0	100.0	

Table 1.2

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 20	29	12.5	12.5	12.5
	20 – 30	98	42.2	42.2	54.7
	31 – 40	47	20.3	20.3	75.0
	41 – 50	46	19.8	19.8	94.8
	51 – 60	9	3.9	3.9	98.7
	61and above	3	1.3	1.3	100.0
	Total	232	100.0	100.0	

Table 1.3

Frequency of shopping in the store per week					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1	141	60.8	60.8	60.8
	1 - 2 times	70	30.2	30.2	90.9
	3 - 4 times	13	5.6	5.6	96.6
	5 and above	8	3.4	3.4	100.0
	Total	232	100.0	100.0	

2 Service Quality

Table 2.1

The products/services have consistent quality.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	4	1.7	1.7	1.7
Disagree	9	3.9	3.9	5.6
Neither Agree nor Disagree	28	12.1	12.1	17.7
Agree	164	70.7	70.7	88.4
Strongly Agree	27	11.6	11.6	100.0
Total	232	100.0	100.0	

Table 2.2

The store's facilities are visually appealing.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	2	.9	.9	.9
Disagree	26	11.2	11.2	12.1
Neither Agree nor Disagree	36	15.5	15.5	27.6
Agree	141	60.8	60.8	88.4
Strongly Agree	27	11.6	11.6	100.0
Total	232	100.0	100.0	

Table 2.3

Service in the store is performed right the first time.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	5	2.2	2.2	2.2
Disagree	34	14.7	14.7	16.8
Neither Agree nor Disagree	46	19.8	19.8	36.6
Agree	113	48.7	48.7	85.3
Strongly Agree	34	14.7	14.7	100.0
Total	232	100.0	100.0	

Table 2.4

The products/services make a good impression on others.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	16	6.9	6.9	6.9
Neither Agree nor Disagree	66	28.4	28.4	35.3
Agree	121	52.2	52.2	87.5
Strongly Agree	29	12.5	12.5	100.0
Total	232	100.0	100.0	

Table 2.5

Employees of the store are willing to respond promptly to customers' request.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	1	.4	.4	.4
Disagree	15	6.5	6.5	6.9
Neither Agree nor Disagree	41	17.7	17.7	24.6
Agree	118	50.9	50.9	75.4
Strongly Agree	57	24.6	24.6	100.0
Total	232	100.0	100.0	

3 Customer Satisfaction

Table 3.1

The store's products and services meet my expectations.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	11	4.7	4.7	4.7
Neither Agree nor Disagree	28	12.1	12.1	16.8
Agree	163	70.3	70.3	87.1
Strongly Agree	30	12.9	12.9	100.0
Total	232	100.0	100.0	

Table 3.2

I am pleased with my shopping experience in the store.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	7	3.0	3.0	3.0
Neither Agree nor Disagree	30	12.9	12.9	15.9
Agree	154	66.4	66.4	82.3
Strongly Agree	41	17.7	17.7	100.0
Total	232	100.0	100.0	

Table 3.3

Overall, I am satisfied with the store.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	3	1.3	1.3	1.3
Disagree	8	3.4	3.4	4.7
Neither Agree nor Disagree	30	12.9	12.9	17.7
Agree	156	67.2	67.2	84.9
Strongly Agree	35	15.1	15.1	100.0
Total	232	100.0	100.0	

Table 3.4

The store provides good products at reasonable prices.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	6	2.6	2.6	2.6
Neither Agree nor Disagree	23	9.9	9.9	12.5
Agree	139	59.9	59.9	72.4
Strongly Agree	64	27.6	27.6	100.0
Total	232	100.0	100.0	

Table 3.5

Complaints regarding products/services are adequately handled.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	16	6.9	6.9	6.9
Neither Agree nor Disagree	103	44.4	44.4	51.3
Agree	94	40.5	40.5	91.8
Strongly Agree	19	8.2	8.2	100.0
Total	232	100.0	100.0	

4 Store Image

Table 4.1

The organisation has a good reputation.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	2	.9	.9	.9
Disagree	10	4.3	4.3	5.2
Neither Agree nor Disagree	67	28.9	28.9	34.1
Agree	106	45.7	45.7	79.7
Strongly Agree	47	20.3	20.3	100.0
Total	232	100.0	100.0	

Table 4.2

The store's atmosphere feels comfortable.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	8	3.4	3.4	3.4
Disagree	12	5.2	5.2	8.6
Neither Agree nor Disagree	97	41.8	41.8	50.4
Agree	91	39.2	39.2	89.7
Strongly Agree	24	10.3	10.3	100.0
Total	232	100.0	100.0	

Table 4.3

The store guarantees its products/services.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	4	1.7	1.7	1.7
Disagree	13	5.6	5.6	7.3
Neither Agree nor Disagree	60	25.9	25.9	33.2
Agree	119	51.3	51.3	84.5
Strongly Agree	36	15.5	15.5	100.0
Total	232	100.0	100.0	

Table 4.4

The store offers great merchandise.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	2	.9	.9	.9
Disagree	10	4.3	4.3	5.2
Neither Agree nor Disagree	43	18.5	18.5	23.7
Agree	136	58.6	58.6	82.3
Strongly Agree	41	17.7	17.7	100.0
Total	232	100.0	100.0	

Table 4.5

The store has reliable advertising.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	6	2.6	2.6	2.6
Disagree	19	8.2	8.2	10.8
Neither Agree nor Disagree	66	28.4	28.4	39.2
Agree	106	45.7	45.7	84.9
Strongly Agree	35	15.1	15.1	100.0
Total	232	100.0	100.0	

5 Customer Relationship Management

Table 5.1

The store provides excellent customer service.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	3	1.3	1.3	1.3
Disagree	22	9.5	9.5	10.8
Neither Agree nor Disagree	75	32.3	32.3	43.1
Agree	103	44.4	44.4	87.5
Strongly Agree	29	12.5	12.5	100.0
Total	232	100.0	100.0	

Table 5.2

The store keeps my purchasing records accurately.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	8	3.4	3.4	3.4
Disagree	12	5.2	5.2	8.6
Neither Agree nor Disagree	97	41.8	41.8	50.4
Agree	91	39.2	39.2	89.7
Strongly Agree	24	10.3	10.3	100.0
Total	232	100.0	100.0	

Table 5.3

The employees of the store are friendly/polite.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	5	2.2	2.2	2.2
Disagree	13	5.6	5.6	7.8
Neither Agree nor Disagree	47	20.3	20.3	28.0
Agree	129	55.6	55.6	83.6
Strongly Agree	38	16.4	16.4	100.0
Total	232	100.0	100.0	

Table 5.4

Building a relationship with the store is worthwhile.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	40	17.2	17.2	17.2
Neither Agree nor Disagree	61	26.3	26.3	43.5
Agree	104	44.8	44.8	88.4
Strongly Agree	27	11.6	11.6	100.0
Total	232	100.0	100.0	

Table 5.5

Overall, the store's management of relationships with its customer is adequate.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	2	.9	.9	.9
Disagree	18	7.8	7.8	8.6
Neither Agree nor Disagree	64	27.6	27.6	36.2
Agree	126	54.3	54.3	90.5
Strongly Agree	22	9.5	9.5	100.0
Total	232	100.0	100.0	

6 Customer Loyalty

Table 6.1

I will say positive things about the store to others.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	3	1.3	1.3	1.3
Disagree	10	4.3	4.3	5.6
Neither Agree nor Disagree	30	12.9	12.9	18.5
Agree	158	68.1	68.1	86.6
Strongly Agree	31	13.4	13.4	100.0
Total	232	100.0	100.0	

Table 6.2

I will recommend the store to someone who seeks my advice.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	4	1.7	1.7	1.7
Disagree	6	2.6	2.6	4.3
Neither Agree nor Disagree	35	15.1	15.1	19.4
Agree	151	65.1	65.1	84.5
Strongly Agree	36	15.5	15.5	100.0
Total	232	100.0	100.0	

Table 6.3

I will encourage my friends and relatives to do business with the store.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	4	1.7	1.7	1.7
Disagree	9	3.9	3.9	5.6
Neither Agree nor Disagree	41	17.7	17.7	23.3
Agree	145	62.5	62.5	85.8
Strongly Agree	33	14.2	14.2	100.0
Total	232	100.0	100.0	

Table 6.4

I will consider the store my first choice for purchases.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	5	2.2	2.2	2.2
Disagree	25	10.8	10.8	12.9
Neither Agree nor Disagree	58	25.0	25.0	37.9
Agree	112	48.3	48.3	86.2
Strongly Agree	32	13.8	13.8	100.0
Total	232	100.0	100.0	

Table 6.5

I will purchase more from the store in the next few years.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	1	.4	.4	.4
Disagree	12	5.2	5.2	5.6
Neither Agree nor Disagree	19	8.2	8.2	13.8
Agree	155	66.8	66.8	80.6
Strongly Agree	45	19.4	19.4	100.0
Total	232	100.0	100.0	

Appendix 3

Interview Responses

Below are some of the semi structured interview responses from participants:

1. I am not very particular about the looks or amenities of the store, I am happy it offers good quality of products at very reasonable prices.
2. Good prices but poor customer service.
3. I have been shopping here for over 8 years, and I will continue to do so because of the nice things they have in the store.
4. I don't want a relationship with the store if it has nothing to offer me for the relationship.
5. Very friendly, approachable, helpful staff.
6. All I want is to get in and get out of the store without much hassle.
7. The store needs to improve customer loyalty and relationship by way of giving incentives.
8. When returning goods, perhaps give refunds instead of exchange or credit note.
9. I am glad about the interview. Can you tell them to do this often (seeking customers' opinions), so that they know what customers want and make the many changes in the store.
10. The store is too packed and there is not enough space. It is also extremely cheap looking.
11. Some employees are helpful, while others are not and slow to complete requests.
12. Irrespective of whether I am a full time or part time staff, there should be avenues where I and other employees can air our opinions. It will do the company good because we are the ones who serve customers and know what they and we want. We cannot be loyal to a company who does not feel our opinions are relevant.
13. They need to have their own loyalty card by now like Tesco. It will help both the customers and the company.
14. The store is not my first store because I have to frequently go to other stores to get things not available here. Remember it is only a sports store.
15. The store has a good location.
16. The store gives good promotional offers.

17. I am shocked by kind of technology do they use. It is either the card reader is not working or prices are coming up wrong at the till or you are charged twice. I then have to wait for it to be rectified.
18. Some customers are just impatient.
19. Customers and management need to start appreciating the staff's efforts.
20. Almost every week, they keep moving things around and I never know where anything is when I get to the store.
21. Sure prices are good, but the store does not have its customers at heart. They never keep any record of me or other customers. How do they think I will be interested in continuing with them if I get another store nearby?
22. The lack of relationship with customers makes the store boring though quality and price is fine.
23. It is not every customer that has time to complain. Less time can be spent on handling complaints if things are done right in the first place.
24. I think the store is only well known for its good products and good price. It does not do any other thing well like even attempting to build any customer relationship.
25. I keep telling everyone that it is a great place to shop. It is very convenient.
26. I have no strong feeling for the store.
27. The store should think of programs that can make customers have a bond with it. If they cannot think of any, then they should ask for customers' opinions and we will give it for free.
28. The store simply has no feelings. They just want customers to come in and buy and leave without any attachment/relationship. I think the reason they behave so is because they have good quality and cheap prices so they get away with it.
29. The employees are absolutely friendly and helpful always.
30. The store has got loads of wonderful brands. My friends and I never get tired of shopping. There is a lot to choose from.